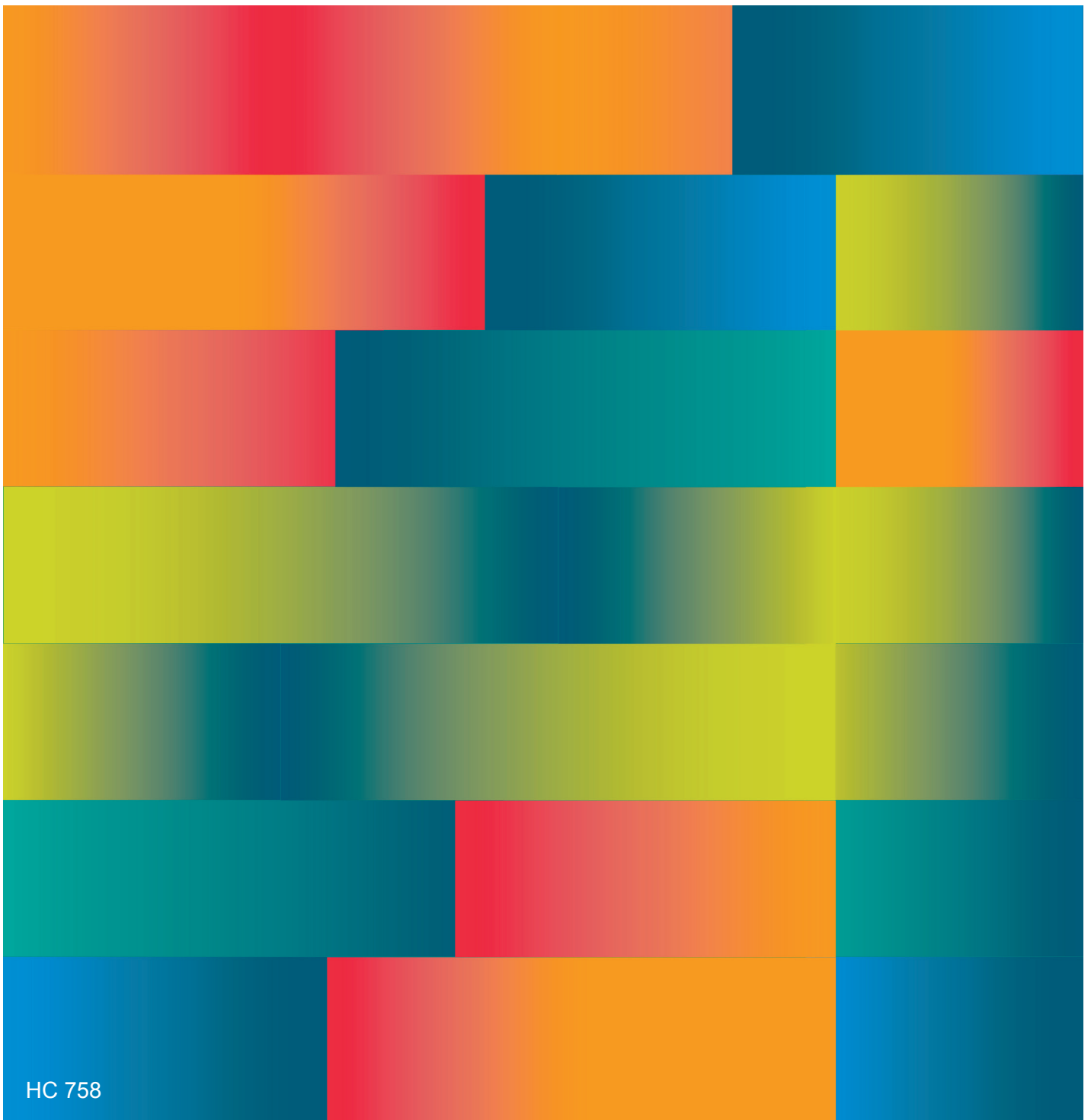




Department for  
Digital, Culture,  
Media & Sport

# Annual Report & Accounts

For the Year Ended 31 March 2021





# Department for Digital, Culture, Media and Sport

## Annual report and accounts for the year ended 31 March 2021

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of Her Majesty

Ordered by the House of Commons to be printed on 16 December 2021.

HC 758

This is part of a series of departmental publications which, along with the Main Estimates 2021-22 and the document Public Expenditure: Statistical Analyses 2020, present the government's outturn for 2020-21 and planned expenditure for 2021-22.



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ISBN 978-1-5286-2906-5

E02675827 12/21

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office



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# INTRODUCTION

## Foreword by the Secretary of State



**The Rt Hon  
Nadine Dorries MP**

Secretary of State for  
Digital, Culture, Media  
and Sport

I was delighted to be appointed as the Secretary of State for the Department for Digital, Culture, Media and Sport in September 2021. Though this report reflects the work of the department before I joined, it shows just how important DCMS and its sectors are today, economically, socially and culturally.

Firstly, I want to say thank you to my predecessor Oliver Dowden MP for his leadership of the department over the past 18 months. I'm looking forward to working with my ministerial team to build on his achievements, and to ensure our sectors continue to drive growth and enrich lives across the UK.

The pandemic presented unprecedented challenges to our way of life, and DCMS worked tirelessly to help our cultural institutions, sports clubs and the live events sector make it through the worst crisis they have ever faced. The department did all of this while continuing to develop groundbreaking policy for online safety, improve digital connectivity across the UK and support our charity sector.

Now that our sectors have reopened, my main mission is to improve accessibility and open the doors of art, tech, sport and other industries to new faces. DCMS has a vast portfolio, and so we have a unique opportunity to support the levelling up agenda by making sure our sectors employ, entertain more people from disadvantaged and underrepresented backgrounds.

I'm also eager to drive forward our other priorities. This includes boosting economic growth and productivity through increasing the number of homes and businesses who can benefit from fast, reliable and secure broadband and mobile coverage. We're also working to strengthen the UK's system of public service broadcasting, and make the UK the safest place in the world to go online through the Online Safety Bill.

Those are our priorities, but I'll be working alongside my ministerial team on a number of other important issues. We will be considering our offer to young people, and addressing gambling and data reform. We're doing trailblazing work on digital regulation and competition, delivering a new National AI Strategy, and diversifying our telecoms systems. We're supporting the creative industries and pushing ahead with our bid for the 2030 FIFA Men's World Cup. And of course we are also heading towards a historic year of celebration, with the Birmingham Commonwealth Games, Unboxed and Her Majesty the Queen's Platinum Jubilee all to come in 2022.

With so much to look forward to, I hope you enjoy reading this report. It's a timely demonstration of how much DCMS contributes to our national life, and how it offers unique opportunities for people in every corner of the UK.

# Permanent Secretary's Review

2020-21 was an incredibly challenging year for our sectors, but I have been struck by the way they have continued to support the public in unprecedented ways during this crisis. Major sporting venues have adapted their buildings into vaccination centres, museums and galleries have moved their work online and the tech sector has helped to keep us connected like never before. As we continue our recovery from COVID-19, DCMS is strongly committed to making sure those sectors continue to flourish in the years to come, despite the obstacles coronavirus has thrown in their way.

As this report demonstrates, the department has supported its sectors in a number of ways throughout 2020-21. From delivering unprecedented COVID-19 support packages for culture and heritage, charities, film and television production, sport and youth organisations to providing improvements to our digital infrastructure to support better connectivity.

DCMS has long been at the forefront of innovation, working with our sectors to build the economy of the future to benefit all four nations of the United Kingdom. This role is more important than ever, and DCMS will be instrumental in helping to tackle the inequalities that remain within our society, however, and indeed wherever, they manifest.

Despite the pressures on our people, I was once again pleased to see DCMS maintain our position as one of the most engaged Government departments, increasing our engagement index to 70% in the 2020 People Survey. Internally we have continued to support our people to adapt to new working environments to ensure they are fully supported to undertake their work. As this report highlights, the department has continued to implement its transformation programme to ensure that its corporate centre is providing the best possible service to our delivery and policy teams.

Having a diverse and inclusive workplace enables all of us to flourish as individuals and deliver better outcomes for the country. DCMS remains committed to becoming the most inclusive government department by 2025, to do this we will ensure we draw on talent from the widest range of geographical, social and career backgrounds.

As the Secretary of State has outlined in her foreword, we have an ambitious and exciting policy agenda, but the Department itself will need to reflect and respond to the future that we are trying to create. We as a Department will lead the way through the exemplary delivery of major projects and programmes for Government, attracting and nurturing the best talent to support our priorities.



**Sarah Healey**

Principal Accounting  
Officer and Permanent  
Secretary

# PERFORMANCE REPORT

## Overview

This section provides a summary of the Department for Digital, Culture, Media and Sport (DCMS), its purpose, objectives, key risks, and how we have performed during the past year. The report also gives a breakdown of spending in the 2020-21 financial year.

## Our purpose

DCMS drives growth and enriches the lives of citizens and communities across the UK. 2020-21 presented extraordinary challenges for the UK and the department itself, with COVID-19 presenting the biggest threat to the UK's culture, sport and tourism sectors, infrastructure, institutions and workforce in a generation.

Throughout 2020-21 the department:

- Reviewed portfolios and delivery to balance against the immediate COVID-19 response and recovery work - whilst maintaining essential functions and ensuring delivery against the Prime Minister's priorities.
- Supported DCMS sectors by delivering unprecedented COVID-19 support packages for culture and heritage, charities, film and television production, sport and youth organisations
- Provided digital infrastructure at a time of critical need, expanding plans to deliver next-generation broadband
- Supported digitally-enabled growth and the adoption of technologies across the economy to drive productivity and growth
- Delivered DCMS objectives through negotiations on a future relationship with the EU, successfully securing digital/telecoms, data, cyber and cultural property provisions in the Trade and Cooperation Agreement (TCA)
- Published the full government response to the Online Harms White Paper, and continued to develop groundbreaking legislation with the aim of making tech companies legally responsible for their users' online safety, and setting a safety standard for the rest of the world to follow.
- Supported communities to cope with challenges and changes to their daily lives by delivering funds to tackle isolation and loneliness during periods of social distancing
- Supported Coventry UK City of Culture and prepared to deliver signature events including Her Majesty The Queen's Platinum Jubilee, the Commonwealth Games and Festival

UK\* 2022, instilling a sense of cohesion and confidence as we emerge from the pandemic

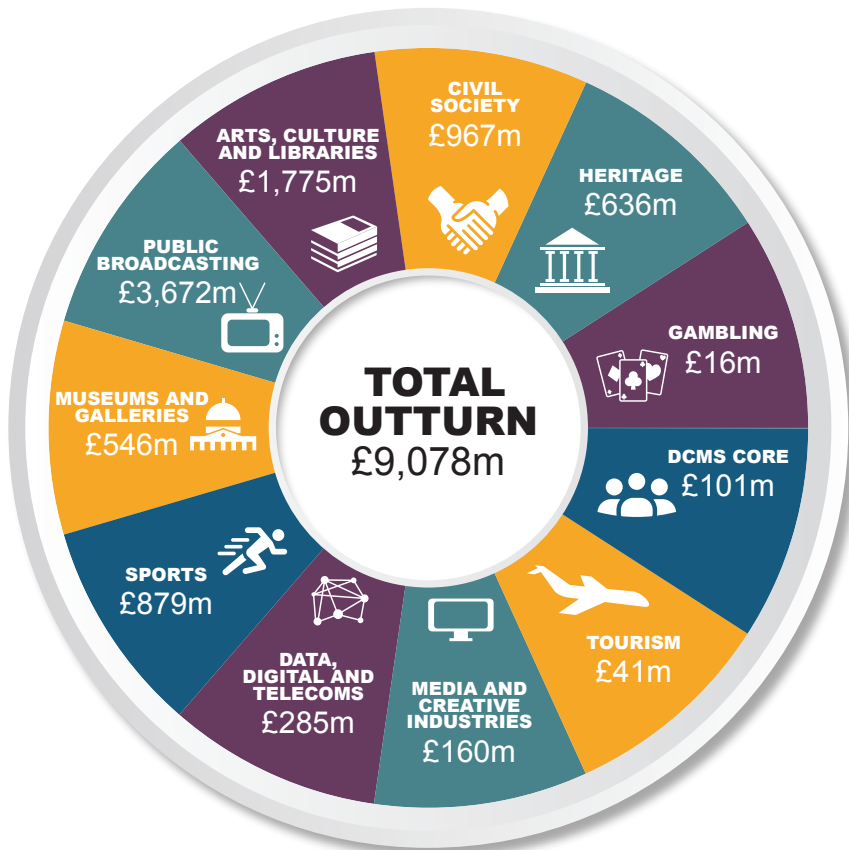
Due to the COVID-19 emergency, there was no Single Departmental Plan for 2020-21. This report is structured against the four priority outcomes for the department in 2021-22 that were agreed in the last Spending Review and published in our **2021-22 Outcome Delivery Plan**. The outcomes are:

1. Increase economic growth and productivity through improved digital connectivity
2. Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries
3. Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society
4. Enhance the cohesiveness of our communities and nations including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people

DCMS sectors will be vital in the recovery from COVID-19, particularly through supporting national renewal, driving growth and preserving the UK's cultural heritage. The department continues to assess its priorities to support its policies, sectors and public bodies.

The majority of the department's funding in 2020-21 went to its public bodies, which operate across multiple sectors and are an extremely diverse group of organisations. DCMS works in tandem with these bodies, the majority of which are linked to the department by ministerial appointments and/or legislative requirements. Of these, 38 are directly consolidated into DCMS accounts and categorised as arm's length bodies (ALBs) within note 28 of the accounts.

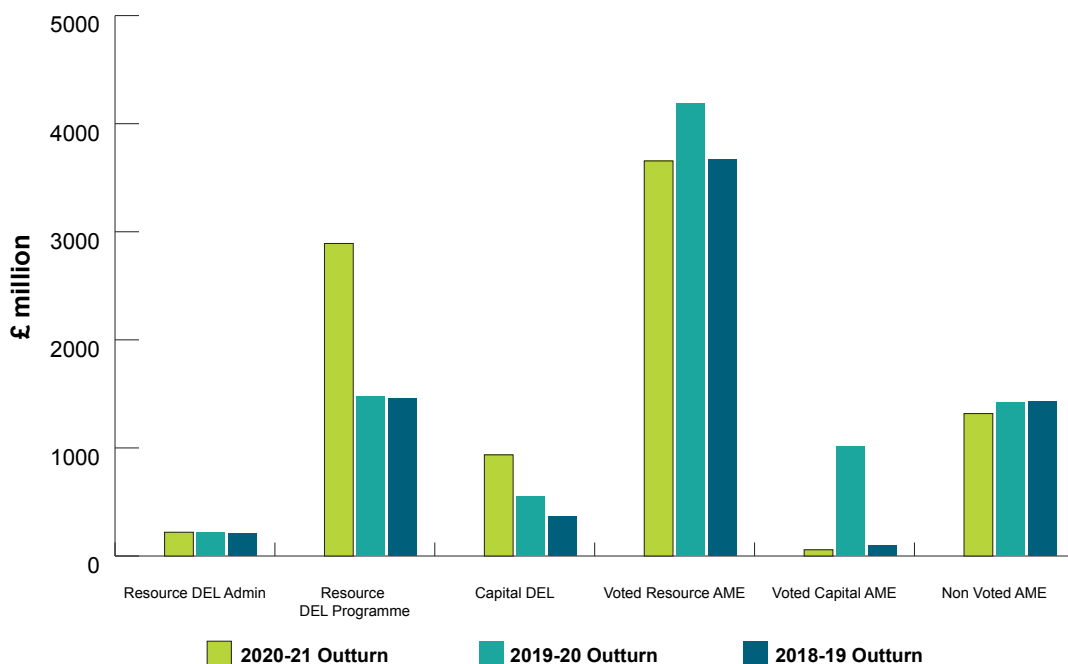
## Outturn by business area



Figures in this diagram agree to the Statement of Outturn against Parliamentary Supply. For more information, please see page 77.

This year, DCMS core spend has been reallocated to other categories of expenditure where spend is solely related to that category (in previous years, only Digital and Telecoms, and Heritage spend were reallocated). The DCMS core sector spend above is therefore the residual core spend not allocated to other sectors.

## Total Net Expenditure



The total of the above for 2020-21 is £9,078m and includes both Voted and Non Voted expenditure and also both Departmental Expenditure Limit (DEL) and Annually Managed Expenditure (AME). The Financial Review on page 95 includes an explanation of these budget headings and page 96 provides a commentary on trends in total expenditure.



## Key achievements



### Outcome 1: Increase economic growth and productivity through improved digital connectivity

1. Launched the £5bn Project Gigabit - More than 1m hard to reach homes and businesses will have next generation gigabit broadband built to them in the first phase of a £5bn government infrastructure project.
2. Exceeded targets for digital connectivity - 17% of the UK now have access to full fibre broadband compared to 8% a year ago and over a third now has access to a gigabit connection.
3. Completed clearance of spectrum in the 700MHz band, putting the UK in a leading position in Europe to create the most comprehensive mobile network.
4. Agreed a £500m financial package as part of the Shared Rural Network to boost rural mobile coverage contributing to the levelling up agenda - rebalancing infrastructure and investment across the UK.
5. Supported creation of 17,500 jobs and £2.6bn of economic benefits through the UK-wide superfast programme.
6. Received Royal Assent for the Telecommunications Infrastructure (Leasehold Property) Bill, making it easier for telecoms companies to access multi-dwelling buildings (such as blocks of flats) where a tenant has requested a new connection, but the landlord has not responded to requests for access rights.



**Outcome 2: Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries**

7. Swift creation of a dedicated COVID-19 Team. DCMS redeployed c40% individuals to align our people to priority work including the COVID-19 hub, Economic response hub to manage DCMS economic impacts and Finance response hub to manage where intervention was required for those with a relationship to the department (eg. grant recipients) and our Public Bodies.
8. Delivered £1.57bn Culture Recovery Fund, comprising £880m of grants to support arts, heritage, museums and independent cinema in England, £270m of repayable finance, £120m of capital funding, £100m of direct support to DCMS ALBs and £188m of Barnett consequentials. Over 5,000 organisations were protected from insolvency with financial support. At Budget 2021, an additional £300m of grant funding was announced to provide further support.
9. Delivered a £750m charities package (of which DCMS responsible for £513m) to ensure the voluntary sector could continue their work supporting the country during the COVID-19 outbreak.
10. Delivered Sports Winter Survival Package (£300m) to help major spectator sports in England protect their immediate futures over the 2020 winter period.
11. Delivered a £16.5m Youth COVID-19 Support Fund to support grassroots youth clubs, uniformed youth groups, and national youth and umbrella organisation. 555 youth organisations have been awarded funding, of which 544 are local, grassroots youth groups and services.
12. Delivered a £500m Film and TV Restart Scheme - a COVID-19 support package to kickstart film and television production struggling to secure insurance for Covid-related costs.
13. Delivered £10m Kick-starting Tourism Package to help small business in tourist destinations to access support and developed a Tourism Recovery Plan published in June 2021.
14. Launched the £7m UK Global Screen Fund to support UK independent film and screen content to export to markets around the world.
15. Finalised plans for the launch of the Cultural Investment Fund in Spring 2021, which will make £18.8m available for museums maintenance, £18.5m available for culture-led regeneration via the Cultural Development Fund, and £5m available to support libraries to improve their facilities.
16. Expanded our International Cultural Protection Fund programme to protect cultural heritage at risk from climate change and natural disasters in over 15 Official Development Assistance (ODA) eligible countries, and, in August 2020, provided emergency support to cultural heritage damaged by the Beirut blast as part of HMG's humanitarian response.





**Outcome 3: Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society.**

- 17. Published the full government response to the Online Harms White Paper, which sets out plans for a new duty of care to make companies take responsibility for the safety of their users.
- 18. Published our 10 Tech Priorities, setting out how we intend to deploy digital tech to build back better, safer and stronger from COVID-19, and shape a new golden age for tech in the UK.
- 19. Published the National Data Strategy - an ambitious, pro-growth strategy that aims to drive the UK in building a world-leading data economy while ensuring public trust in data use.
- 20. Agreed a number of trade deals including the UK-Japan Comprehensive Economic Partnership Agreement (CEPA), which includes a number of cutting-edge rules that reflect the status of the UK and Japan as technology leaders, and the UK-EU Trade and Cooperation Agreement (TCA) - one of the most liberalising and modern digital trade chapters anywhere in the world.
- 21. Stood up Cross-Whitehall Counter Disinformation Unit in response to COVID-19 and engaged social media platforms to go further in strengthening their policies and technical measures, including through a series of ministerial roundtables and the launch of the Policy Forum.





**Outcome 4: Enhance the cohesiveness of our communities and nations including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people**

- 22. Completed structural steelwork for Sandwell Aquatics Centre - a £60m state-of-the-art aquatics centre being developed in Smethwick for the Commonwealth Games in 2022.
- 23. Announced a four- day Bank Holiday weekend in 2022 to mark the Queen’s Platinum Jubilee.
- 24. Supported Coventry UK City of Culture 2021 to adapt and deliver the programme, which launched in May 2021.
- 25. Supported selection of the 10 teams to develop and deliver a spectacular UK-wide programme for Festival UK\* 2022, in collaboration with the Devolved Administrations.
- 26. Announced a total of £75m (£25m in 2021-22 and £50m in 2022-23) to fund grassroots multi-use sports pitches across

the UK, alongside £2.8m to kick start an unprecedented UK and Ireland bid to host the FIFA World Cup in 2030.

- 27. Delivered an NCS amended programme - engaging over 85,000 young people and delivering over 500,000 hours of social action and/or youth volunteering despite restrictions on activity caused by COVID-19.
- 28. Introduced a Bill to expand the Dormant Assets Scheme - helping to unlock an estimated £880m for communities across the UK over the next 10 years, giving a major boost to coronavirus recovery.

**Additional departmental outcomes**

- 29. Worked with the Gambling Commission to enact a ban on use of credit cards - gambling businesses no longer can allow consumers in Great Britain to use credit cards to gamble.
- 30. Agreed the Digital Chapter of the EU/ UK Trade and Cooperation Agreement, containing some of the most liberalising and modern digital trade provisions in the world.

## Public bodies

We have 45 public bodies in total but only the 38 arm's length bodies (ALBs) that are consolidated into DCMS accounts (see note 28) are included in the table opposite.

| Museums and Galleries  |                                  |
|--|----------------------------------|
| British Museum   | Royal Armouries Museum           |
| Geffrye Museum (Museum of the Home)  | Royal Museums Greenwich          |
| Horniman Museum  | Science Museum Group             |
| Imperial War Museum  | Sir John Soane's Museum          |
| National Gallery   | Tate Gallery                     |
| Natural History Museum   | Victoria and Albert Museum       |
| National Museums Liverpool   | Wallace Collection               |
| National Portrait Gallery  |                                  |
| Sport  |                                  |
| Birmingham 2022 Organising Committee for the 2022 Commonwealth Games               | UK Anti-Doping                   |
| Sport England  | UK Sport                         |
| Sports Grounds Safety Authority  |                                  |
| Media / Creative Industries  |                                  |
| British Broadcasting Corporation   | S4C (Sianel Pedwar Cymru)        |
| British Film Institute   |                                  |
| Heritage   |                                  |
| Churches Conservation Trust  | Historic England                 |
| National Heritage Memorial Fund / National Lottery Heritage Fund                   |                                  |
| Tourism  |                                  |
| British Tourist Authority (VisitBritain and VisitEngland)                          |                                  |
| Arts and Libraries   |                                  |
| Arts Council England   | British Library                  |
| Civil Society  |                                  |
| Big Lottery Fund (operating as National Lottery Community Fund)                    | National Citizen Service Trust   |
| Gambling   |                                  |
| Gambling Commission  | Horse Race Betting Levy Board    |
| Regulators   |                                  |
| Information Commissioner's Office  | Office of Communications (Ofcom) |
| Cultural Property  |                                  |
| Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest | Treasure Valuation Committee     |
| Other  |                                  |
| Phone-paid Services Authority  |                                  |

VisitBritain and VisitEngland are legally constituted as the British Tourist Authority under the Development of Tourism Act 1969, and will each be referred to separately throughout the report.

BBC is a public broadcasting authority. The BBC's Public Service Broadcasting Group, BBC Commercial Holdings Limited and its direct subsidiary holding companies fall within the

DCMS accounting boundary and this element is consolidated into the DCMS accounts. See note 1.3 for further details.

In addition to the above bodies, DCMS sponsors 3 public corporations (Channel 4, Historic Royal Palaces and The Royal Parks) and 2 non-ministerial government departments (The National Archives and The Charity Commission). These bodies are not included in the accounts.

## Risks affecting delivery

At the start of 2020-21, risk was dealt with through the exceptional governance system introduced due to COVID-19. This included daily Executive Boards and an operational hub. In Summer 2020, the decision was taken to introduce a wide-ranging Risk Improvement Programme. A new departmental Executive Risk Register was also created in Summer 2020 as an interim measure to ensure that the Executive Board were cognisant of the key strategic risks facing the department while a new risk framework was developed. Further details of the developments to the department's approach to risk are outlined in the risk management section

in the Governance Statement.

COVID-19 has remained a substantial risk throughout this year - to the department as well as our sectors, public bodies and to the delivery of key programmes and objectives. DCMS has remained flexible, prioritised key workstreams and put measures in place to support staff through the pandemic. This flexibility is ongoing to ensure delivery of the Prime Minister's priorities in the face of continued risk of future waves or new variants.

The table below highlights the other key risks faced by the department during 2020-21.

| Strategic Risk   | Risk description  | Mitigation   | Trend<br>↑↔↓ |
|--|---|--|--------------|
| <b>Departmental resourcing</b>                                       | The impact of EU Exit and COVID-19 created staffing pressures, both in terms of the need to employ and/or redeploy staff as well as the impact on wellbeing and retention. DCMS also has a higher proportion of non-permanent staff due to a lack of permanent admin funding. | Restructuring to allow flexibility to focus on critical areas. Business planning addressed staffing needs. Wellbeing addressed through additional resources available to staff, e.g. free access to Headspace app and guidance on the intranet. More funding requested at Budget and Spending Review to address non-permanency of staff contracts. | ↔            |
| <b>Further economic shocks and their implications on our sectors</b> | The potential impact of new waves of COVID-19 and other events leading to economic shocks places further pressure on already distressed sectors resulting in irreversible loss or damage.   | COVID-19 Hub and Central Winter Response Hub ensured the Department was able to quickly adapt to changes. COVID-19 analytical hub established to ensure accurate monitoring and interventions. The Department worked with HM Treasury to create sector specific support packages. Research underway to aid reopening of events in our sectors.     | ↑            |
| <b>Cross-government overlapping responsibilities</b>                 | Understanding cross departmental ownership of novel and contentious policy areas requiring senior resource to manage, e.g. cyber, disinformation.   | Opportunities to coordinate cross-government priorities have provided clarity, for instance via the Shared Outcomes Fund and the Outcome Delivery Plan. Work also undertaken to consider the future direction of the Department.   | ↔            |
| <b>Cumulative impact on delivery</b>                                 | The cumulative impact of challenging and new delivery ambitions, the economic environment, COVID-19 and EU Exit put pressure on the department to deliver more within existing stretched envelopes with delivery and reputational implications.                               | Delivery Unit set up to monitor delivery against priorities. Multiple reprioritisation exercises to ensure delivery of key commitments.  | ↔            |
| <b>Diversity and Inclusion</b>                                       | The department fails to meet key targets on Diversity and Inclusion including representation rates, inclusion gaps and pay gaps.  | DCMS's Diversity Strategy published in July sets out our ambition to be the most diverse and inclusive department in the UK Government by 2025. Actions so far have included a declaration drive, talent board for BAME (Black, Asian and Minority Ethnic) temporary promotions and disability action plans.                                       | ↑            |



# Performance analysis

At the 2020 Spending Review the department agreed four priority outcomes. This was in advance of the Outcome Delivery Plan (ODP) being developed for 2021-22. This section sets out performance against those outcomes in 2020-21.



## **Outcome 1: Increase economic growth and productivity through improved digital connectivity**

### **Key achievements**

Digital infrastructure is the foundation of our modern economy and is critical to ensuring that the UK is a great place to start and grow a digital business, develop new technologies and drive forward innovative research. Our programmes aim to increase coverage of gigabit services, encourage the take-up of gigabit capable connectivity and stimulate competition in the telecoms market, giving consumers more choice.

Over the last year, DCMS achieved a number of milestones to improve the nation's digital connectivity and diversify the telecoms market. We have increased coverage of broadband and gigabit services, delivering gigabit broadband to 85% of new-build homes and achieving superfast broadband coverage for 96% of premises, access to a gigabit connection for over a third of

premises and access to full fibre to 17% of the UK. We continued to invest in 5G, committing to £28m of funding for nine UK wide projects to trial innovative new uses of 5G, improving people's lives and seizing the benefits of 5G to support British industries.

To stimulate competition in the telecoms market, we made progress on developing and implementing a targeted and ambitious telecoms diversification strategy as well as publishing a 5G supply chain diversification strategy, both set out ambitious plans to grow our telecoms supply chain. Our plans were bolstered by both the establishment of a Telecoms Diversification Taskforce that will provide independent expert advice to the government, and the introduction of the new Telecommunications (Security) Bill to Parliament, bringing a new regulatory framework for telecommunications security.

## Case study



The 5G Testbeds and Trials Programme (5GTT) is a national investment programme in 5G. Partnering with over 200 organisations throughout the UK, including the four mobile network operators, 15 Local Authorities and 22 universities, the programme has delivered 34 successful projects from five competitions. The Government has allocated £200m from the National Productivity Investment Fund (NPIF) to the 5G Programme, which launched in late 2017 and runs until March 2022.

Liverpool’s 5G Health and Social Care Testbed has demonstrated how 5G technology can help build digital skills and reduce isolation during COVID-19 for communities with limited online access. With 5G installed throughout Liverpool’s Kensington Community Learning Centre, staff

could supply tablets to a group with learning disabilities who used the centre weekly. Many had not used a digital device before; through learning how to use a tablet via a Loneliness Reduction app, they could connect with others, stream activities and watch videos while building digital skills they could take into their everyday lives. 5G enabled them to do this seamlessly without connection issues.

During periods of social distancing, the centre could also offer a “Push To Talk” device to family carers in the local area that felt particularly isolated. Carers found the online peer support invaluable during the lockdown, giving them the ability to connect to other carers and feel a sense of community during such an isolating period.

### OUR PERFORMANCE METRICS

#### Percentage of premises passed with gigabit-capable broadband by nation

| Date   | UK    | England | Northern Ireland | Scotland | Wales |
|--------|-------|---------|------------------|----------|-------|
| Mar-19 | 6.7%  | 6.7%    | 16.0%            | 3.8%     | 7.4%  |
| Mar-20 | 18.1% | 18.5%   | 42.6%            | 9.6%     | 12.8% |
| Mar-21 | 38.8% | 37.6%   | 70.3%            | 46.4%    | 27.0% |

Source: [ThinkBroadband](#) (Further historical data is available)

Release schedule: Monthly

## Geographic area covered by at least one mobile network operator (4G coverage, outdoor)

| Year        | UK  | England | Northern Ireland | Scotland | Wales |
|-------------|-----|---------|------------------|----------|-------|
| 2018 (Sept) | 91% | 98%     | 98%              | 78%      | 90%   |
| 2019 (Sept) | 91% | 97%     | 97%              | 80%      | 89%   |
| 2020 (Sept) | 91% | 97%     | 97%              | 81%      | 90%   |

Coverage figures are rounded to the nearest 1%.

Source: [Ofcom Connected Nations reports](#) (further historical data is available)

It is possible that small changes in the data from one year to the next may be due to continual improvements to the modelling methodology used and therefore should be treated with caution.

**Release schedule:** Annually (main report, with interim updates twice a year)

**Outcome 2: Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries**

### Key achievements

DCMS sectors were disproportionately affected by government-imposed restrictions and behavioural change due to COVID-19. Businesses in our sectors made far greater use of the furlough scheme, reported a higher risk of insolvency, and that their cash reserves will run out sooner than other businesses across the economy. Our programmes aim to aid recovery by strengthening economic performance across the UK, improving productivity, and enhancing UK trade.

Over the last year, DCMS delivered unprecedented support packages to our sectors including the £1.57bn Cultural Recovery Fund, £750m charities package, £16.5m Youth Covid Support Fund, £500m Film and TV Restart Scheme, £10m Kick-starting Tourism Package, and the £300m Sports Survival Package. These

packages have been crucial to facilitating each sectors' ability to return to growth and minimise long term damage. As well as these, DCMS allocated £100m to 266 local authorities across England, to support the recovery of publicly-owned leisure centres and gyms and distributed £76.1m to our own Public Bodies most severely affected by COVID-19, including £61.7m to national museums and galleries.

Targeting investments in local areas such as the Culture Investment Fund, Coventry City of Culture and High-Streets Heritage Action Zones have unlocked potential for growth by building infrastructure, providing business support, promoting UK sectors internationally, and transforming historic buildings. Investment in major events such as the Commonwealth Games Trade, Tourism, and Investment Programme will take full advantage of the economic legacy for the West Midlands and the country as a whole.



## Case study



Last year the government announced an unprecedented £1.57bn support package to tackle the crisis facing our most loved cultural organisations and heritage sites, the Culture Recovery Fund (CRF). In the first two rounds of the fund, awards were made to over 5,000 individual organisations and sites. Additionally, the Chancellor announced in the 2021 Budget an additional £300m to support theatres, museums and other cultural organisations in England.

Chineke! was one of the organisations to receive funding. Chineke! is an Associate Orchestra at London’s Southbank Centre and in November 2019 received the Royal Philharmonic Society’s

first “Game Changer” award in recognition of the work that it has done in furthering the cause of Black and ethnically diverse musicians in the orchestral sector. Their first CRF Grant resulted in the staging of three concerts at Southbank Centre’s Royal Festival Hall in autumn 2020, which were streamed to a global audience for free via YouTube. Funding from CRF Round 2 allowed the staging of a further two new full-scale concerts, in addition to supporting staffing costs over a three month period.

### OUR PERFORMANCE METRICS

**GVA of Creative Industries, Cultural Sector, Gambling, Sport and Tourism (adjusted for inflation) in £bn, 2017 to 2019 (£)**

<sup>p</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

| Sector              | 2017 <sup>r</sup> | 2018 <sup>r</sup> | 2019 <sup>p</sup> |
|---------------------|-------------------|-------------------|-------------------|
| Creative Industries | 104.5             | 107.6             | 113.6             |
| Cultural Sector     | 31.1              | 31.3              | 34.2              |
| Gambling            | 8.4               | 8.3               | 8.1               |
| Sport               | 16.0              | 16.1              | 16.6              |
| Tourism             | 65.9              | 71.7              | 72.5              |

Source: **DCMS Economic Estimates 2019: Gross Value Added** (further historical data is available)

**Source: DCMS Economic Estimates 2019: Gross Value Added (further historical data is available)**

**Notes:**

- With reference to the GVA of the Gambling sector, the government has been clear that it recognises the value of a responsible industry which protects players, provides jobs and pays taxes. The Department’s interest is in ensuring we have the right regulatory framework which balances this with the need to protect children, vulnerable people and wider communities from harm.
- As the Telecommunications sector sits wholly within the Digital Sector, it is reported under Outcome 3.
- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).
- These figures will be revised on an annual

basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.

- GVA figures for the latest year (currently 2019) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added. Pre-pandemic tourism statistics may be of limited predictive value.
- Chained volume measures data are not available for Civil Society at present (please see metric for Civil Society in the table below).
- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.
- Due to substantial revisions to the base data and methodology used to construct the tourism satellite account, estimates for the tourism sector are only available for 2016 to 2019.

**Release schedule: annually**

**GVA for Civil Society as a proportion of the UK economy (in current prices), 2017 to 2019**

<sup>p</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

| Sector                               | 2017 <sup>r</sup> | 2018 <sup>r</sup> | 2019 <sup>p</sup> |
|--------------------------------------|-------------------|-------------------|-------------------|
| Civil Society (Non-market charities) | 0.8%              | 0.8%              | 0.8%              |

**Source: DCMS Economic Estimates 2019: Gross Value Added (further historical data is available)**

**Notes:**

- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- GVA figures for the latest year (currently 2019) are provisional and will be revised in the Percentage of UK firms and charities next release of DCMS Economic Estimates: Gross Value Added.
- An estimate for the Civil Society sector expressed in chained volume measures is not currently available.
- Civil Society in this table represents non-

market charities sitting in the Non-profit Institutions Serving Households (NPISH) sector. This is an underestimate for the sector and does not include market provider charities who have passed the market test and therefore sit in the corporate sector, social enterprises and mutuals.

**Release schedule: annually**

**Regional GVA for DCMS sectors excluding Civil Society and Tourism (adjusted for inflation) in £m,**

**Regional GVA estimates are also published for DCMS sectors (excluding Civil Society and Tourism).**



**Source: DCMS Economic Estimates: Regional GVA sectors Tables - Chained Volume Measures.**

**Notes:**

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.

**Release schedule: annually**

**Domestic tourism visitor numbers**

**Domestic overnight tourism (England only):**

|                           | 2017    | 2018   | 2019   |
|---------------------------|---------|--------|--------|
| <b>Spend (£m)</b>         | 19,049  | 19,347 | 19,448 |
| <b>Visitor volume (m)</b> | 100.622 | 97.397 | 99.071 |

**Source: Great Britain Tourism Survey (further historical data is available)**

**Release schedule:** Monthly (2020 data delayed until Q3 2021)

**Domestic Day tourism (England only):**

|                           | 2017   | 2018   | 2019   |
|---------------------------|--------|--------|--------|
| <b>Spend (£m)</b>         | 50,899 | 53,036 | 56,500 |
| <b>Visitor volume (m)</b> | 1,505  | 1,431  | 1,390  |

**Source: Great Britain Day Visits Survey (further historical data is available)**

**Release schedule:** Monthly (2020 data delayed until Q3 2021)

Pre-pandemic visitor numbers may be of limited predictive value.

### **Outcome 3: Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society**

#### **Key achievements**

The UK is one of the most technologically and digitally advanced nations in the world, globally respected for its thriving technology sector and service-based economy. We have a dual role to play in these sectors: positioning them as vehicles of economic growth while ensuring there is oversight of their use and activities. Our programmes of work are targeted at incentivising growth, innovation and adoption of digital and data technology, minimising digital security and societal risks, and shaping global tech standards and the global digital technology ecosystem. DCMS's Ten Tech Priorities published in March 2021 showcase how we intend to deploy digital tech to build back better, safer and stronger from COVID, and shape a new golden age for tech in the UK.

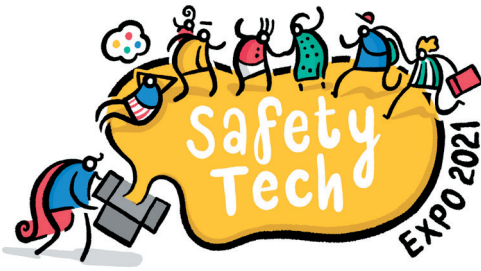
Over the last year, we have set ambitious strategies to maintain the UK's status as a leading digital economy, including publishing our National Data Strategy, announcing the development of an updated national Digital Strategy and committing to establishing a new pro-competition regime in digital markets (featuring a new Digital Markets Unit). We have supported new businesses in the adoption of emerging digital and data technology, including our work in partnership with the Department for Business, Energy and Industrial Strategy (BEIS) and HM Treasury to launch the £520m 'Help to Grow' scheme to help SMEs recover from the COVID-19 pandemic by adopting digital technologies and providing management training to boost productivity and innovation.

We have strengthened the UK's regulators, legislation and institutional governance to manage the risks presented by digitalisation. This includes publishing the response to the Online Harms White Paper, publishing the Online Media Literacy Strategy, establishing a new Economic Security team to lead the response of the Department to Foreign Direct Investment casework, establishing a new AI risk advisory council and delivering Safety Tech 2021 - a world-first Expo event.

We have been championing free and fair digital trade and been responsible for concluding digital and telecoms chapters in a number of bilateral trade agreements. Another key area of focus has been shaping the global debate on how we govern tech companies and engaging in global standards developing organisations on Internet and emerging technology standards.

We launched the China Digital and Tech campaign to help cutting-edge UK firms negotiate the ethical, legal and commercial questions they may encounter in China or when working with Chinese businesses.

## Case study



The DCMS Safety Tech Expo 2021 was a world-first event to showcase how technology can be used in a positive way to create value for brands and safer online experiences for users, by helping companies detect and address potentially harmful content or behaviour. This can include hate speech, disinformation, grooming,

harassment and advocacy of suicide or self-harm. The event, which took place on the CogX platform in March 2021, featured more than 30 industry-leading speakers from many of the world's most iconic brands, including LEGO, Roblox, EA, Riot, Match, Dropbox and Vimeo, as well as representatives from leaders in the fast-growing safety tech sector. The UK, with a 25% global market share, is a world-leader in this sector.

Through delivering this event, DCMS helped build and strengthen links between the international safety tech community - links we can build on as we implement the new G7 commitment to driving international collaboration in this exciting new technology.

### OUR PERFORMANCE METRICS

#### GVA of the Digital sector in the UK (adjusted for inflation) in £bn, 2017 to 2019

<sup>p</sup> = provisional

<sup>r</sup> = revised. These are planned revisions and part of the annual adjustment and balancing process of national accounts.

| Sector                 | 2017 <sup>r</sup> | 2018 <sup>r</sup> | 2019 <sup>p</sup> |
|------------------------|-------------------|-------------------|-------------------|
| Digital Sector         | 136.6             | 139.1             | 147.5             |
| .... of which Telecoms | 34.1              | 34.3              | 34.3              |

Source: [DCMS Economic Estimates 2019: Gross Value Added](#) (further historical data is available)

#### Notes:

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA in current prices (not adjusted for inflation).
- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.
- Telecoms is a subsector of the Digital Sector and as such its GVA falls wholly within the Digital Sector GVA.
- Due to overlap between sectors, Digital Sector GVA cannot be summed with those of other DCMS Sectors as this will result in double counting.

- GVA figures for the latest year (currently 2019) are provisional and will be revised in the next release of DCMS Economic Estimates: Gross Value Added.

#### Release schedule: annually

#### Regional GVA for Digital sector in the UK (adjusted for inflation) in £m, 2010 to 2018

Source: [DCMS Economic Estimates: Regional GVA sectors Tables - Chained Volume Measures](#).

#### Notes:

- These GVA figures are in chained volume measures (i.e. are adjusted for inflation). We also publish GVA estimates in current prices (not adjusted for inflation).

- These figures will be revised on an annual basis, due to planned revisions to the national accounts and updating of the base year used to produce chained volume measure estimates.

- Due to overlap between sectors, GVA cannot be summed together for individual sectors as this will result in double counting.

**Release schedule:** annually

**Percentage of UK firms and charities that have undertaken action on five or more of the ten steps outlined in the government’s 10 steps to Cyber Security guidance**

| Organisation type | 2019 | 2020 | 2021 |
|-------------------|------|------|------|
| <b>Businesses</b> | 58%  | 69%  | 50%  |
| <b>Charities</b>  | 53%  | 63%  | 45%  |

**Source:** [Cyber Security Breaches Survey/CSBS](#) is an official statistic which is based on a survey of UK businesses and charities as part of the national cyber security strategy. (Further historical data is available)

The 10 steps refers to the government’s 10 Steps to Cyber Security guidance which can be found <https://www.ncsc.gov.uk/collection/10-steps-to-cyber-security>. These 10 steps break down what is considered good organisational cyber security into ten component parts.

**Release schedule:** Annually

**Outcome 4: Enhance the cohesiveness of our communities and nations including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people**

**Key achievements**

At the heart of DCMS is our commitment to supporting people across the country to lead healthier and active lives; supporting young people outside of the school setting and helping strengthen communities and ‘level-up’ access to opportunity. Our programmes aim to enhance social capital and cohesion, improve wellbeing, and contribute to personal development.

Over the last year, we supported preparations for the successful staging of EURO 2020, an important occasion in bringing the nation together post COVID-19. We made major progress on our plans to deliver a landmark programme of events in 2022 including the Commonwealth Games, Festival UK 2022 and Her Majesty’s Platinum Jubilee, all of which will enhance social capital and cohesion as we rebuild and recover. For Festival 2022, we completed a £3million research and development phase and supported selection of the ten teams to develop and deliver the £120 million programme.

Alongside this, we made significant targeted investments in communities and youth organisations to improve wellbeing and social participation. We successfully delivered a virtual celebration of the 75th VE Day, with a programme of events which could be enjoyed from home, distributed the Loneliness COVID-19 Grant Fund, launched the Digital Lifeline Fund and supported charities working with young women and girls through the Tampon Tax Fund. As well as delivering an alternative NCS programme, we increased opportunities for young people by forming a Youth Steering Group which empowered 50 young people aged 13 - 25 to meet Ministers to collaborate on shared policy challenges. Almost 50,000 additional young people participated in #iwill funded projects which aim to make social action part of life for 10-20 year-olds.



## Case study



The DCMS £5m Loneliness COVID-19 Grant Fund was set up to tackle loneliness during the coronavirus outbreak and period of social distancing. The fund aimed to ensure that, for people of all ages and backgrounds, staying at home did not need to lead to loneliness and feelings of isolation.

The Royal National Institute of Blind People (RNIB) was one of nine organisations to receive funding. When the COVID-19 crisis hit, RNIB knew that the impact on blind and partially sighted people would be devastating. At the

start of the pandemic they received a 15 per cent increase in calls to RNIB’s helpline along with a fourfold increase in calls relating to the need for emotional support. With a grant of £750,000, RNIB were able to offer telephone support groups, one to one wellbeing calls and online connections. The funding enabled RNIB to directly touch the lives of 44,488 people across England. After support, many reported they felt less isolated and a sense of companionship. The funding has reshaped RNIB’s services with proactive calls being a new and integral part to their support services.

### OUR PERFORMANCE METRICS

**Percentage of adults (16+) in England who have engaged in civic participation in the last 12 months**

| Year    | Civic Participation Rates |
|---------|---------------------------|
| 2017-18 | 38%                       |
| 2018-19 | 34%                       |
| 2019-20 | 41%                       |

Source: [Community Life Survey \(Adults 16+ in England\)](#) (Further historical data is available)

Release schedule: Yearly

## Percentage of adults (16+) who are active or fairly active in England by region

| Region          | May 18-19 |               | Nov 18-19 |               | May 19-20 |               | Nov 19-20 |               |
|-----------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
|                 | Active    | Fairly Active | Active    | Fairly Active | Active    | Fairly Active | Active    | Fairly Active |
| North West      | 62.1      | 12.1          | 62.3      | 11.9          | 61.2      | 11.4          | 59.0      | 11.4          |
| North East      | 60.5      | 11.5          | 60.7      | 11.8          | 60.1      | 11.0          | 60.0      | 11.1          |
| Yorkshire       | 62.2      | 11.4          | 62.5      | 11.9          | 61.3      | 11.8          | 59.8      | 12.5          |
| West Midlands   | 59.0      | 12.6          | 58.7      | 12.8          | 58.7      | 12.7          | 57.0      | 12.5          |
| East Midlands   | 61.8      | 12.5          | 61.4      | 12.6          | 61.3      | 12.2          | 60.2      | 11.7          |
| East of England | 62.2      | 13.0          | 62.6      | 13.0          | 62.6      | 12.3          | 61.5      | 11.8          |
| South West      | 66.5      | 12.0          | 67.4      | 11.8          | 67.3      | 11.0          | 65.7      | 11.0          |
| London          | 64.4      | 11.4          | 64.5      | 11.7          | 63.9      | 11.3          | 62.3      | 11.3          |
| South East      | 66.2      | 12.0          | 65.9      | 12.1          | 65.5      | 11.9          | 64.4      | 11.6          |
|                 |           |               |           |               |           |               |           |               |
| England         | 63.2      | 12.0          | 63.3      | 12.2          | 62.8      | 11.7          | 61.4      | 11.5          |

Source: [Active Lives Survey](#) (by region), [Active Lives Survey](#) (England), Sport England

**Active:** At least 150 minutes of moderate physical activity each week

**Fairly active:** Between 30-149 minutes of moderate activity each week

**Release schedule:** Updated every 6 months

Due to the pandemic and the necessary restrictions on team sports, as well as indoor sports, gyms and leisure centres, national and regional physical activity levels decreased in 2019/2020.

### UK Sport major events programme attendance, by event

UK Sport publishes attendance data for major events.

Source: UK Sport

Metric is published in [UK Sport annual reports](#).

### Breakdown of Resource by Business Area

In this environment, the importance of our work has never been greater. We need to have the resources to do our work effectively and respond to new priorities as they arise. The tables below

show how our resources are allocated across the department. Due to the cross-cutting nature of our outcomes, with directorates often contributing to multiple outcomes, it is not possible to allocate resources by outcome. This aligns to the presentation of resources in the 2021-22 Outcome Delivery Plan.

The tables below represent the group net expenditure, split between the different directorates within the group by budget type. These budget types are explained in the Financial Review on page 95. The non-voted AME is the total of resource and capital spend.

## Expenditure by Directorate 2020-21

|   | Resource DEL Admin | Resource DEL Programme | Capital DEL    | Voted Resource AME | Voted Capital AME | Non Voted AME    | Total Net Expenditure |
|---|--------------------|------------------------|----------------|--------------------|-------------------|------------------|-----------------------|
|   | £'000              | £'000                  | £'000          | £'000              | £'000             | £'000            | £'000                 |
| Building Digital UK   | 13,529             | 56,486                 | 60,944         | 273                | -                 | -                | 131,231               |
| Digital Infrastructure  | 5,526              | 23,071                 | 24,891         | 119                | -                 | -                | 53,607                |
| Centre for Data Ethics & Innovation                           | 413                | 1,723                  | 1,859          | 8                  | -                 | -                | 4,003                 |
| Security & Online Harms                                       | 641                | 2,678                  | 2,889          | 13                 | -                 | -                | 6,222                 |
| Cyber Security and Digital Identity                           | 2,308              | 9,636                  | 10,397         | 47                 | -                 | -                | 22,387                |
| Data Policy   | 4,934              | 4,252                  | 5,086          | (876)              | -                 | -                | 13,396                |
| Media and Creative Industries                                 | 9,796              | 89,555                 | 32,707         | 3,591,901          | 57,384            | 74,063           | 3,855,406             |
| Digital and Tech Policy                                       | 1,693              | 7,069                  | 7,626          | 34                 | -                 | -                | 16,423                |
| International   | 934                | 3,901                  | 4,209          | 19                 | -                 | -                | 9,063                 |
| Civil Society and Youth                                       | 33,932             | 345,368                | 249,409        | 317                | -                 | 712,687          | 1,341,713             |
| Arts, Heritage and Tourism                                    | 104,812            | 1,915,079              | 394,992        | 41,758             | -                 | 173,783          | 2,630,424             |
| Sport, Gambling & Ceremonials                                 | 32,646             | 359,370                | 100,850        | 20,247             | 317               | 357,234          | 870,664               |
| Commonwealth Games  | 563                | 38,849                 | 2,581          | 1,212              | -                 | -                | 43,206                |
| Corporate (including Finance, HR and other support functions) | 8,316              | 34,722                 | 37,462         | 168                | -                 | -                | 80,667                |
| <b>Total</b>  | <b>220,043</b>     | <b>2,891,759</b>       | <b>935,903</b> | <b>3,655,240</b>   | <b>57,701</b>     | <b>1,317,767</b> | <b>9,078,413</b>      |

## Expenditure by Directorate 2019-20

|   | Resource DEL Admin | Resource DEL Programme | Capital DEL    | Voted Resource AME | Voted Capital AME | Non Voted AME    | Total Net Expenditure |
|---|--------------------|------------------------|----------------|--------------------|-------------------|------------------|-----------------------|
|   | £'000              | £'000                  | £'000          | £'000              | £'000             | £'000            | £'000                 |
| Building Digital UK   | 11,793             | 13,222                 | 14,930         | 11,001             | -                 | -                | 50,946                |
| Digital Infrastructure  | 4,817              | 5,400                  | 6,098          | 4,493              | -                 | -                | 20,808                |
| Centre for Data Ethics & Innovation                           | 360                | 403                    | 455            | 336                | -                 | -                | 1,554                 |
| Security & Online Harms                                       | 559                | 627                    | 708            | 522                | -                 | -                | 2,415                 |
| Cyber Security and Digital Identity                           | 2,012              | 2,256                  | 2,547          | 1,877              | -                 | -                | 8,691                 |
| Data Policy   | 4,709              | 995                    | 2,909          | 2,053              | -                 | -                | 10,666                |
| Media and Creative Industries                                 | 10,831             | 53,011                 | 74,996         | 3,999,025          | 1,017,835         | 66,764           | 5,222,463             |
| Digital and Tech Policy                                       | 1,476              | 1,655                  | 1,868          | 1,377              | -                 | -                | 6,375                 |
| International   | 815                | 913                    | 1,031          | 760                | -                 | -                | 3,519                 |
| Civil Society and Youth                                       | 41,455             | 175,193                | 48,676         | 28,453             | -                 | 930,212          | 1,223,989             |
| Arts, Heritage and Tourism                                    | 103,162            | 1,037,985              | 328,922        | 122,384            | -                 | 198,200          | 1,790,653             |
| Sport, Gambling & Ceremonials                                 | 25,524             | 158,990                | 61,567         | 4,599              | (314)             | 224,440          | 474,805               |
| Commonwealth Games  | 491                | 15,985                 | (3,190)        | 748                | -                 | -                | 14,034                |
| Corporate (including Finance, HR and other support functions) | 7,249              | 8,127                  | 9,178          | 6,762              | -                 | -                | 31,316                |
| <b>Total</b>  | <b>215,252</b>     | <b>1,474,762</b>       | <b>550,695</b> | <b>4,184,388</b>   | <b>1,017,521</b>  | <b>1,419,616</b> | <b>8,862,234</b>      |



## Expenditure by Directorate 2018-19

|   | Resource DEL Admin | Resource DEL Programme | Capital DEL    | Voted Resource AME | Voted Capital AME | Non Voted AME    | Total Net Expenditure |
|---|--------------------|------------------------|----------------|--------------------|-------------------|------------------|-----------------------|
|   | £'000              | £'000                  | £'000          | £'000              | £'000             | £'000            | £'000                 |
| Building Digital UK   | 10,404             | 26,527                 | 14,263         | 160                | -                 | -                | 51,354                |
| Digital Infrastructure  | 4,249              | 10,835                 | 5,826          | 30                 | 35                | -                | 20,975                |
| Centre for Data Ethics & Innovation                           | 317                | 809                    | 435            | 5                  | -                 | -                | 1,566                 |
| Security & Online Harms                                       | 493                | 1,258                  | 676            | 8                  | -                 | -                | 2,435                 |
| Cyber Security and Digital Identity                           | 1,775              | 4,526                  | 2,433          | 27                 | -                 | -                | 8,761                 |
| Data Policy   | 5,627              | 597                    | 1,721          | (93)               | -                 | -                | 7,852                 |
| Media and Creative Industries                                 | 5,466              | 23,226                 | 82,522         | 3,590,823          | 95,496            | 70,274           | 3,867,806             |
| Digital and Tech Policy                                       | 1,302              | 3,320                  | 1,785          | 20                 | -                 | -                | 6,426                 |
| International   | 719                | 1,832                  | 985            | 11                 | -                 | -                | 3,547                 |
| Civil Society and Youth                                       | 43,255             | 118,891                | 43,901         | 1,561              | -                 | 955,723          | 1,163,330             |
| Arts, Heritage and Tourism                                    | 101,542            | 1,059,784              | 140,951        | 66,502             | -                 | 145,472          | 1,514,250             |
| Sport, Gambling & Ceremonials                                 | 23,365             | 161,783                | 61,261         | 7,211              | (1,675)           | 259,849          | 511,794               |
| Commonwealth Games  | 433                | 23,456                 | 639            | 7                  | -                 | -                | 24,535                |
| Corporate (including Finance, HR and other support functions) | 6,395              | 16,306                 | 8,768          | 98                 | -                 | -                | 31,567                |
| <b>Total</b>  | <b>205,343</b>     | <b>1,453,150</b>       | <b>366,165</b> | <b>3,666,368</b>   | <b>93,856</b>     | <b>1,431,318</b> | <b>7,216,200</b>      |

# COVID-19



COVID-19 presented the biggest threat to the UK's cultural and sporting infrastructure, institutions and workforce in a generation and as a result, DCMS sectors have been disproportionately affected by the necessary, life-saving restrictions and behavioural change. With many reliant on live audiences and tourism, businesses in DCMS sectors have made far greater use of the furlough scheme, reported a higher risk of insolvency, and that their cash reserves will run out sooner than other businesses across the economy.

Like other departments, DCMS had to reorganise itself to support citizens, sectors and public bodies. Reprioritisation meant some programmes and projects had to pause while resources moved to deal with the pandemic.

The COVID-19 Hub was established March 2020 to coordinate the departmental response to the pandemic. The hub operated seven days a week, liaising across government to ensure DCMS sectors were represented and that they received the most up-to-date guidance. This meant the department worked closely with stakeholders to develop and publish over 40 pieces of COVID-19 secure guidance, enabling businesses and other organisations to safely reopen. In March 2021 DCMS also led on creating the Events Research Programme to assess the risks involved in higher risk cultural, social and sports settings and the mitigations that could be put in place. Both the Hub and the ERP continued their work into the next financial year.

As we emerge from COVID-19, DCMS will be at the forefront of efforts to build back better and level-up economic opportunity across the UK. The high growth industries DCMS represents will be key to generating the new jobs that can help fuel the nation's recovery. Recovery is woven into all four priority outcomes for 2021-22, with priority outcome 2 focused solely on supporting sectors hit the hardest.

## COVID-19 – Areas of Spending

The department has incurred a total spend relating to COVID-19 of £2,172.1m (2019-20: £5.7m). This relates to the different COVID-19 support schemes that were implemented by the department to support the culture, sport and creativity sectors across the UK, as well as expenditure to protect staff. Further details of the spend relating to COVID-19 can be found in **Annex D**.

# EU Exit



Over the last year the Department has worked hard to ensure successful outcomes in the Trade and Cooperation Agreement (TCA). We delivered DCMS objectives through negotiations on a future relationship with the EU, successfully securing digital/telecoms, data, cyber and cultural property provisions in the TCA. The agreement is the EU's most liberal Free Trade Agreement in Digital Trade to date and ensures an open, liberal EU market for digital products, services and trade, accessible to UK companies. It includes world-leading data provisions that deliver the UK's goals of facilitating cross border data flows, which are critical for digitally-driven trade and innovation, and upholding the UK's high data protection standards which promote trust in the digital economy. We also delivered the UK-Japan agreement that goes further than the EU-Japan deal on digital trade, as we agreed a number of cutting-edge rules that reflect the status of the UK and Japan as technology leaders: these changes directly benefit the UK's digital economy, which in 2018 delivered £675m in services exports to Japan.

During the year, we supported our sectors and Public Bodies to prepare for the end of the Transition Period and once a deal was agreed, to understand the implications of the TCA on their businesses. The department also put in place contingency plans, structures and processes to ensure that it was able to respond to any urgent operational issues that might occur as a result of the end of the transition period, alongside COVID-19 and other potential concurrent winter

risks. This included leading cross government preparations to mitigate potential disruptions to major events in DCMS sectors. As the EU left insufficient time to ratify data adequacy decisions before the end of 2020, DCMS led the negotiations to agree a time-limited 'bridging mechanism' as part of the TCA, which allowed personal data to continue to flow from the EU/EEA to the UK as it did during the transition period whilst the EU process for adopting adequacy decisions for the UK was concluded. Positive adequacy decisions for the UK were subsequently adopted by the Commission in June 2021.

Following the end of the transition period and successful conclusion of negotiations with the EU, it will now be important in 2021 to re-establish our relationships with Europe as a third country (i.e. a country that is not a member of the European Union as well as a country whose citizens do not enjoy the European Union right to free movement). This is an opportunity to demonstrate the UK's leadership in DCMS policy areas, influence the approach being taken by the EU with regards to these, and to build partnerships to help advance our Global Britain priorities.

## UK Exiting the EU – Areas of Spending

On the 31 January 2021 the UK officially left the EU; as part of the transition the department incurred a total cost of £23.8m (2019-20: £23.2m). A further breakdown of costs can be found in **Annex D**.



# Looking ahead



It has been a challenging year for DCMS' sectors, with planning and delivery significantly affected by COVID-19. The department also ensured critical EU exit legislation was in place by the end of the transition period.

As we emerge from COVID-19, DCMS will be at the forefront of efforts to build back better and level-up economic opportunities across the UK. The high growth industries the department represents will be vital in generating new jobs, helping fuel the nation's recovery.

For 2021-22, the department will focus on four priority outcomes as outlined in [our Outcome Delivery Plan](#) published in July 2021:

1. Increase economic growth and productivity through improved digital connectivity

Digital connectivity, technology and data remain a key focus. COVID-19 has highlighted the critical importance of digital technology and data to national recovery, enabling businesses to work remotely and people to adapt to sudden and significant changes to daily life patterns. The department will continue working to improve digital connectivity and infrastructure through vital programmes such as Project Gigabit to increase economic growth and productivity.

2. Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries

The department continues to drive growth and the UK economy through boosting the UK's creative, culture and sports sectors. DCMS is driving local, economic, social and cultural regeneration and the levelling-up agenda, supporting sectors to adapt and recover from COVID-19, and research to support events run at commercially viable capacities. Since the end of 2020-21 the department launched the science-led Events Research Programme (ERP) that paved the way for larger audiences to attend sport, theatre and gigs safely over summer 2021.

As part of the 2021 Budget in March 2021, approximately £486 million in additional financial support for the arts and cultural sector was announced. This package includes additional funding for the Cultural Recovery Fund (CRF), as well further support for other museums and community projects - providing one of the largest packages of support for the culture sector in the world and demonstrating the UK's commitment to culture.

The department is looking to create opportunities from the UK's new place outside of the EU, strengthening conditions for our most innovative sectors to grow, attract inward investment, and take advantage of international opportunities.

3. Increase growth through expanding the use of data and digital technology and increasing innovation, while minimising digital harms to the UK's economic security and society

Creating an environment that encourages innovation while minimising digital harms is more important than ever before. DCMS will be instrumental in the creation of a new, pro-competition regime for digital markets that will drive innovation and growth across the digital economy. To make the UK the safest place in the world to live and work online, the department will continue to work with international partners to protect a free, open and secure internet that supports our economic prosperity and social well-being.

4. Enhance the cohesiveness of our communities and nations including through major events and ceremonial occasions, and reduce inequalities of participation in society, particularly among young people

DCMS creates the moments that inspire and unite every corner of the UK, and allows world

class cultural and sporting talent to shine. The department will play a leading role in delivering a brilliant programme of events in 2022 that will demonstrate we are a proud, confident nation, open to the world, proud of our history and the strength of our union: Her Majesty The Queen's Platinum Jubilee, the Commonwealth Games, the UEFA Women's European Championships, the Rugby League World Cup, and the Festival UK\* 2022.

These signature events, along with a refreshed National Youth Offer, will strengthen the cohesiveness of our communities and nations while reducing inequalities of participation in society.

Signed and approved

**Sarah Healey**

**Accounting Officer and Permanent Secretary**

10 December 2021

# ACCOUNTABILITY REPORT

## Corporate governance report

The Corporate Governance Report explains the composition and organisation of DCMS's governance structures and how they support the achievement of our objectives.



**Claudia Arney**

Lead Non-Executive Board Member

### Director's report

I was thrilled to be appointed as DCMS' Lead Non-Executive Board Member in April, which is after the period that the report covers. I would like to thank my predecessor Charles Alexander for his dedicated work over the previous five years, which was clearly a time of significant change and growth for the department.

In my first months I have been struck by the department's important role in driving creativity and innovation across all of its sectors. The department is agile, energetic and ambitious and I feel this report reflects that, particularly given the significant challenges faced in the reporting period.

I am also pleased to be joining a strong team of dedicated Non-Executive Board members at DCMS. Hemant Patel, in his position as Audit and Risk Committee chair has provided officials with consistent and supportive challenge, particularly in corporate areas. Hemant has also been an active member of the Culture Recovery Board. Sherry Coutu and Baroness Laura Wyld have continued to use their expertise and experiences to guide the department, particularly in the areas of digital and diversity and inclusion. Priya Lakhani was appointed at the same time as me, and her expertise is already evident in supporting the digital work of the department.

As a Non-Executive team, we are committed to supporting, challenging and providing constructive criticism to officials and ministers as the department's role and responsibility within Government continues to increase.

All areas of work at DCMS and its public bodies impact on and improve the lives of people across the country. The Department's ambitions, as laid out in the 2021-22 Outcome Delivery Plan, are exciting and innovative and I am committed to, and energised by, the opportunities and challenges that lay ahead. It is clear that DCMS is at the forefront of helping the country to recover from the pandemic in the most productive and sustainable way possible.



# Departmental Board

## Ministers, Non-Executive and Executive



**The Rt Hon Nadine Dorries MP**

Secretary of State for Digital, Culture, Media and Sport



**Julia Lopez MP**

Minister of State for Media, Data, and Digital Infrastructure



**Lord Parkinson of Whitley Bay**

Parliamentary Under Secretary of State (Minister for Arts)



**Chris Philp MP**

Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy)



**Nigel Huddleston MP**

Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society)

There were no changes to the ministerial team in 2020-21. The following Ministers have left the department since 2020-21:

- The Rt Hon Oliver Dowden CBE MP (Secretary of State for Digital, Culture, Media and Sport) from 13 February 2020 to 15 September 2021.
- Caroline Dinenage MP (Minister of State (Minister for Digital and Culture)) from 13 February 2020 to 16 September 2021.
- The Rt Hon John Whittingdale OBE MP (Minister of State (Minister for Media and Data)) from 14 February 2020 to 16 September 2021.
- Matt Warman MP (Parliamentary Under Secretary of State (Minister for Digital Infrastructure)) from 26 July 2019 to 16 September 2021.
- Baroness Barran MBE (Minister for Civil Society and DCMS) from 26 July 2019 to 17 September 2021.

# Non-Executive



**Claudia Arney**

Lead Non-Executive Board Member



**Sherry Coutu CBE**

Non-Executive Board Member



**Hemant Patel**

Non-Executive Board Member and Audit and Risk Committee Chair



**Baroness Laura Wyld**

Non-Executive Board Member



**Priya Lakhani**

Non-Executive Board Member

## Changes to team

- Neil Mendoza (Non-Executive Board Member) from 11 January 2016 to 3 June 2020.
- Matthew Campbell-Hill (Non-Executive Board Member) from 18 July 2016 to 16 July 2020.
- Charles Alexander (Lead Non-Executive Board Member) from 18 April 2016 to 17 April 2021.
- Baroness Laura Wyld joined the department on 15 June 2020.
- Both Claudia Arney and Priya Lakhani OBE joined the department on 15 April 2021.



# Executive



**Sarah Healey CB**

Permanent Secretary



**Sam Lister**

Director General, Strategy and Operations



**Susannah Storey CB**

Director General, Digital and Media



**Polly Payne**

Director General, Culture, Sport and Civil Society (job share)



**Ruth Hannant**

Director General, Culture, Sport and Civil Society (job share)



**Jacinda Humphry**

Finance and Commercial Director

Not all Executive Board members sit on the Departmental Board.

## Changes to team

- Scott McPherson (Interim Director General, Volunteering and Civil Society) from 17 March 2020 to 9 July 2020 - this was a temporary position to support the COVID-19 response.
- Helen Judge (Director General, Culture, Sport and Civil Society) left the department on 15 November 2020.

Two temporary promotions to Departmental Board positions were in place for respective periods in 2020-21:

- Emma Squire was interim Director General, Culture, Sport and Civil Society from 2 November 2020 to 28 March 2021.
- Ed Clift was interim Finance and Commercial Director from 7 December to 31 January 2021.

## Performance in other areas

### PEOPLE

#### Our values

One DCMS – we value and develop everyone, sharing success

- Respect for all, celebrating diversity
- We empower and challenge each other within a no blame culture
- We are professional, prioritising work and taking responsibility to get the job done
- Keep DCMS a great place to work, attracting the best people

DCMS took a values-led approach to supporting our staff through COVID-19. Our COVID-19 People Strategy set out an approach based on inclusivity that has supported our people during the past year and ensured they were able to work effectively. This included a focus on wellbeing across all of our internal communications channels ensuring that staff are supported whilst working at home. Staff networks have been active and visible, particularly the department's Mental Health network, highlighting helpful resources through regular communications and we have made use of our Employee Assistance programme to provide additional support where needed. A comprehensive wellbeing site on the DCMS intranet includes details of how to access corporate support including free access to the Headspace app for all employees. 2020 also saw the establishment of a central Wellbeing Planning Group. With a diverse membership including senior staff, key delivery partners from corporate teams and staff networks, the group meets weekly to discuss any and all wellbeing issues that are affecting DCMS staff and how to implement effective interventions.

#### Deliver diversity, equality and inclusion objectives

As a public sector employer, DCMS is bound by the Equality Act 2010.

DCMS supports the government ambition to become the most inclusive employer in the UK, and has made a commitment in our Diversity and Inclusion Strategy to become the most diverse and inclusive Government department by 2025. The department recognises that if it is going to deliver for the whole country, it needs to be representative of the diversity of the whole country, with teams recruited from the widest

possible range of backgrounds and locations who bring different views and perspectives to our work.

The department continues to track progress against its Diversity and Inclusion Strategy, which was launched in mid-2020, using insight from a new Diversity and Inclusion Dashboard, annual People Survey results and pay gap analysis. The strategy aims to increase ethnicity, disability and gender representation, and DCMS' ranking on social mobility in comparison to other government departments to reflect the UK working age population and the public we serve. The department has achieved its Black, Asian and Minority Ethnic (BAME) representation targets at every grade through the delegated grades, and BAME representation at SCS has increased by 7.4 percentage points (ppts) over the past year (from 4.4% to 11.8%).

DCMS supports the government's ambition of having one million more disabled people in work by 2027 and this will be a key focus for our Diversity and Inclusion strategy in the coming year. DCMS has renewed its accreditation as a Disability Confident Leader for best practice in attracting, recruiting and developing disabled staff and acting as a champion within the department's supply chains and networks. As of March 2021, 6.7% of DCMS staff have declared themselves as disabled in DCMS. The 'Becoming Disability Confident' training is mandatory for all DCMS staff. The training is designed to raise awareness of disability in the workplace and the challenges faced. This ensures that staff remain compliant and up to date in their skills and knowledge, supporting the department's values for an inclusive and safe workplace, which will be further supported by Director General disability action plans.

DCMS has a range of networks that are supported by an SCS champion who provides guidance and a voice at a senior level. All SCS champions meet on a quarterly basis with the Permanent Secretary to work together on cross-cutting issues. Networks include:

- Ability Network (Beyond Disability)
- Black, Asian and Minority Ethnic (BAME) Network
- Care and Share Network (Carers)
- Different Perspectives Network
- Direct Appointee Network
- Diversity and Inclusion Ambassadors

- EU Nationals Network
- Faith and Belief Network
- Fair Treatment Ambassadors
- Flexible Working and Job Share Network
- Gender Equality Network
- Grade B Network (HEO / SEO Grade equivalent)
- Grade C and D Network (AO & EO Grade equivalent)
- Green Network
- Ideas Panel Network
- LGBT+ Network
- Mental Health and Wellbeing Network
- New Joiner Network
- Parenting Network Group
- Social Mobility Network
- Volunteering Network
- Charity of the Year Network

### **Employee engagement**

Employee engagement is a measure of employee commitment and motivation. It is measured through the annual Civil Service People Survey, resulting in census data for a large number of employees, and is published on GOV.UK. This year DCMS had a response rate of 94% across the department, the second highest response rate of the Civil Service's main organisations. Our 70% engagement score was the second highest across the Civil Service's main organisations. Data from the survey is analysed and this informs initiatives at both a departmental and local level to make DCMS a great place to work, helping to maintain the department's position as one of the most engaged departments in government.

DCMS has undertaken additional employee engagement throughout 2020-21. This has included taking part in Cabinet Office and Government Property Agency led Pulse and Leesman surveys to explore the experience of our staff during the COVID-19 pandemic and periods of enforced remote working. The Department also introduced a 'Team Talks' staff engagement model in which SCS1 team leads host conversations on important topics and challenges with their teams up to three times a year. Topics covered by the Team Talks model during 2020-21 have included future ways of

working and Diversity and Inclusion.

### **Anti-bullying policy**

DCMS has a zero tolerance policy towards bullying, harassment and discrimination. The department has an ongoing commitment to ensure that staff are treated with dignity and respect and any concerns raised by staff are listened to and dealt with appropriately. In the 2020 People Survey 93% of staff felt respected by the people they work with, and the department achieved an overall score of 86% for inclusion and fair treatment, which was an increase year on year of 5 ppts and 4 ppts respectively.

DCMS anti-bullying policies and guidance are published on the DCMS intranet which are accessible to all staff. Our Fair Treatment Ambassador Group helps address any issues related to bullying, harassment and discrimination in the workplace, providing support and confidential advice. DCMS now has 28 Acas trained Ambassadors across the department.

### **Anti-bribery and anti-corruption**

In order to help departments continue the fight against fraud, bribery and corruption, the Cabinet Office published in October 2018 a revised version of the Government Functional Standard, 'GovS 013: Counter Fraud', which now includes bribery and corruption. The purpose of this government standard is to set the minimum expectations for the management of fraud, bribery and corruption risk in all government organisations.

DCMS has reviewed and updated its integral policy documents including the Fraud Response Plan, Counter Fraud Strategy and the Counter-Fraud Policy and has updated its procedures to ensure they align with the revised functional standard.

Civil servants are expected to demonstrate at all times the highest standards of personal integrity and honesty. Civil servants must not only set out the facts and relevant issues truthfully, but must also not lay themselves open to suspicion of dishonesty, perception of a conflict of interest, and/or of impropriety. All staff are bound by the department's policy on gifts and hospitality and must not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise their integrity.



All staff are required to undertake counter fraud, bribery and corruption training as part of their mandatory annual learning.

## Health and safety

DCMS Estates looks after the Department's accommodation planning, the provision of our facilities and our health and safety. Our work includes planning estate expansions and office moves, providing essential services for our day-to-day work, and making sure everyone has a safe and productive place to work.

As a tenant in 100 Parliament Street and 1 Horse Guards Road some services are delivered by us directly, while others are supplied centrally by our landlords.

DCMS Estates performed a critical role supporting the Department throughout the COVID-19 crisis. When the risk of a nationwide lockdown emerged we set up a process, within three days, which allowed staff to obtain items enabling them to work more effectively from home. This included a triage system prioritising staff, for instance those with workplace adjustments and critical roles. Within a month Estates had sent out 150 monitors and 100 chairs from the office, as well as issued numerous vouchers for the purchase of items. To date, we have dealt with over 2,500 requests for items.

In addition to this, Estates has closely monitored the provision and amendment of guidance for returning to the office, in the light of which we carried out COVID-19 safety risk assessments in our spaces in our main headquarters in 100 Parliament Street, as well as the offices of the Centre for Data Ethics and Innovation, and the Government Art Collection's new space in Old Admiralty Building, coordinating with landlords, setting up signage, and creating a desk booking system. We also managed a number of challenging requests to hold meetings and workshops within the office, ensuring these were carried out in a Covid-safe way.

Estates are now closely involved in organising how our offices are used as the Pandemic measures are eased and eventually removed.

## Security

As a department with responsibility for several key Government policy areas, DCMS has improved its security posture to ensure the protection of its people, assets and data.

Collaborations with the Cabinet Office Security Group and other Government support actors has enabled improvements in key areas of security including Personnel security, Business Continuity, Investigations and COVID-19 response.

The COVID-19 pandemic impacted the security posture of the department, although the team has demonstrated agility and resilience to implement the departmental Pandemic plan and then subsequently to support remote working (Government policy for staff to work from home if they can), as this introduced the opportunity of new security threats.

The team introduced support mechanisms for staff working from home, which enabled staff to gain a greater understanding of security threats and adapt their working behaviours in the new remote working environment with increased focus on security.

As staff were permitted to return to the office, COVID-19-secure guidance was produced to support staff who were required to attend the office for key government work or for wellbeing. To ensure that staff had the safest work environment possible, a COVID-19 Case Response Framework was established to formalise DCMS' COVID-19 response procedures to a confirmed or suspected case in the office. This has proved effective to reduce the risk of infections in the office and to support the NHS Test and Trace process. As a result DCMS has experienced minimal corporate disruption to delivering our priority business objectives, as well as ensuring the safety of staff and the most sensitive assets.

## Locations

DCMS is developing a Locations Strategy that will enable the department to better represent the people it serves and contribute to the Government's Places for Growth and Levelling Up aims. A first step in this strategy involves a decision to develop a second HQ outside of London. This is one of the most significant chapters in the history of DCMS as it will enable us to utilise relocation to embed transformation through:

- Offering opportunities outside of London to develop rewarding careers at all levels;
- Utilising modern technology to operate as an agile and modern organisation;
- Using smarter design to enable co-location and collaboration more effectively;



- Using smarter ways of working to share available resource and work more flexibly, to enable more efficiency and productivity;
- Tapping into wider and more diverse talent pools to enhance policy making through better reflecting the communities and groups we serve, further supporting our Diversity and Inclusion Strategy;
- Developing closer links to our sectors and ALBs through the formulation of Clusters of Excellence - enabling the sharing of facilities and resources, such as training and academia as well as cross-fertilisation and talent-flow between organisations;
- Building a sustainable and future estates infrastructure that enables flexibility to meet our needs as we continue to evolve and grow as an organisation.

Alongside this, DCMS will retain our existing HQ in London (100 Parliament Street) to maintain our presence in Whitehall but further plan to develop presence across all of the Devolved Nations, playing a proactive role in strengthening the Union. Through these decisions we are supporting the government’s ambitions to decentralise from London and locate more Civil Service roles into the Regions and Devolved Nations.

### Gender pay gap

#### The gender pay gap in DCMS and the Civil Service

DCMS’s gender pay gap is published annually (link to <https://www.gov.uk/government/publications/dcms-gender-pay-gap-201920>). The latest available information details the position as at 31 March 2020.

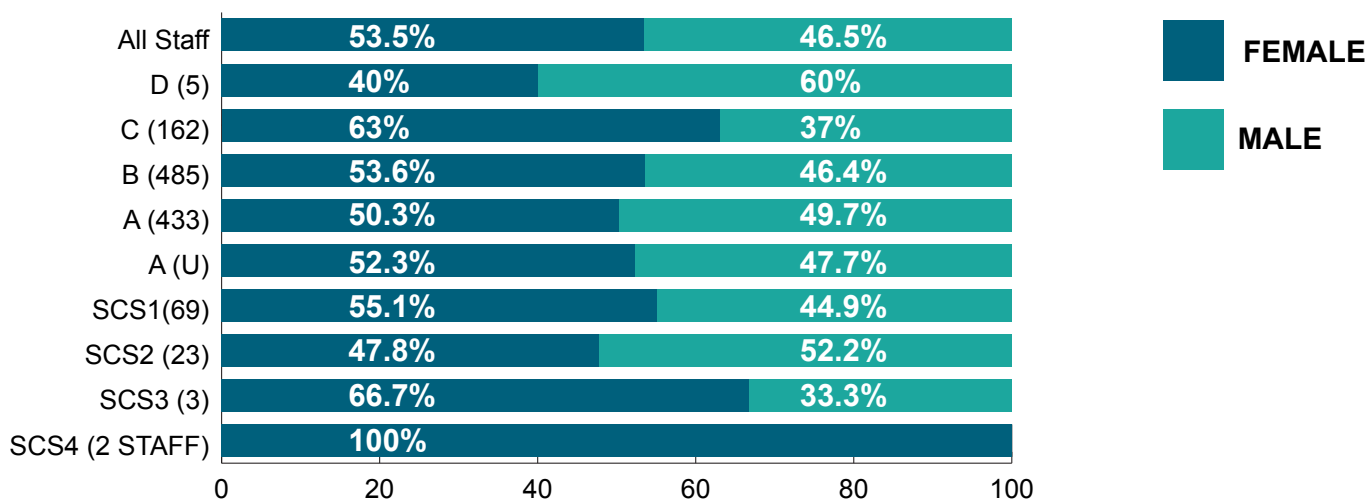
### The gender pay gap in DCMS and the Civil Service

| Measure | DCMS 2019 | DCMS 2020 | Civil Service 2020 |
|---------|-----------|-----------|--------------------|
| Mean    | 5.6%      | 2.7%      | 10.3%              |
| Median  | 16.6%     | 10.6%     | 9.2%               |

DCMS has seen a reduction in its mean and median measures for the gender pay gap since March 2019 due to an increase in the representation of women in Senior Civil Service grades, and a more proportionate distribution of bonuses between men and women at higher grades.

However, there are still a disproportionate number of women in the lower grades as illustrated in the graph below. The proportion of women across the department has stayed roughly the same at 53.5% for all staff, but the proportion of women in the junior grades (particularly grade C) is greater than this average percentage.

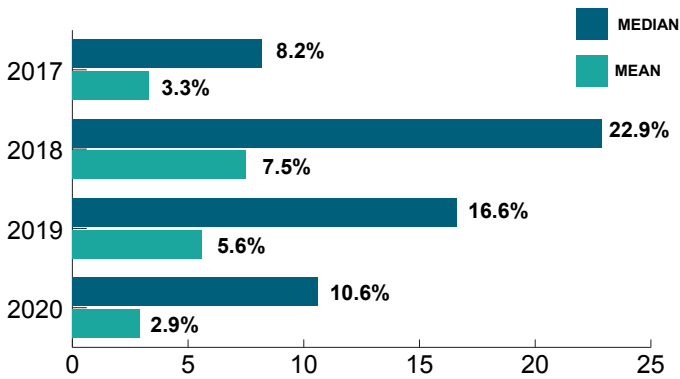
### Gender balance at each grade



## Gender balance at each grade

The position of the median remuneration for men and women

DCMS Gender Pay Gap Trend



Our median gender pay gap has decreased from 2019; however, it is still slightly higher than the Civil Service average of 9.2%. The median male salary falls in the bottom of Band A whereas the median female salary is at the top of Band B. Due to the significant pay jump between Band A and B, our median gender pay gap is larger than our mean gender pay gap.

### Next steps

It is encouraging that between March 2019 and March 2020, 51% of internal promotions were women. The gender balance across the grades is improving, but there is more to be done to tackle the gender pay gap from all angles.

In addition to the actions and initiatives raised in our 2018 report and 2019 report, we have outlined below further actions that we are taking to target our gender pay gap as it changes.

We will continue to focus on maintaining a balance of men and women across all grades in the department, reviewing our pay practices to reward men and women fairly.

- We will continue to review our recruitment policies and practices to ensure they promote diversity and inclusion throughout.
- The recruitment team will scope mechanisms for removing bias in the recruitment process e.g. piloting the 'BE Applied' software and the use of gender neutral language in our job descriptions and adverts to increase the attraction and recruitment of female applicants.
- Introduce quarterly deadlines for in-year bonus spending and encourage reflection on diverse characteristics when nominating staff.

- By introducing quarterly spending deadlines we are encouraging more regular spending to ensure that all performance, by all staff, is considered and rewarded throughout the year.
- Improve the support mechanisms for those on parental leave.
  - Introduction of virtual 'Keeping in Touch' days to ensure individuals on parental leave have the opportunity to discuss departmental changes and return to work during COVID-19.
  - Review the current return to work process and establish a Buddy Scheme to match staff who are planning their return to work from parental leave and staff who have previously experienced this transition within the department.

### Trade union facility time

DCMS regularly engages, negotiates and consults national trade union representatives, and actively maintains good and effective industrial relations with them. As the department has no staff union representatives, facility time is not currently used in DCMS.

#### Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

| No. of employees who were relevant union officials during the relevant period | Full-time equivalent employee numbers |
|---|---------------------------------------|
| 0   | 0                                     |

#### Percentage of time spent on facility time

How many of your employees, who were relevant union officials during the relevant period, spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

| Time (%) | No. of employees |
|----------|------------------|
| 0        | 0                |
| 1-50     | 0                |
| 51-99    | 0                |
| 100      | 0                |

## Percentage of pay bill spent on facility time

This table shows the percentage of the total pay bill spent on trade union facility time during the period 1 April 2020 to 31 March 2021.

|  | Figures |
|--|---------|
| Provide the total cost of facility time  | £0      |
| Provide the total pay bill (£'000)   | N/A     |
| Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100 | 0.00%   |

## Paid trade union activities

DCMS has no staff union representatives therefore there has been no paid trade union activities during the period 1 April 2020 to 31 March 2021.

|   |    |
|---|----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 0% |
|---|----|

## Complaints to the Parliamentary Ombudsman for the core department

There was one investigation regarding DCMS in 2020-21. This investigation was not upheld. There were no recommendations made against the department in 2020-21.

|   |   |
|---|---|
| Complaints received   | 5 |
| Complaints resolved by mediation  | 0 |
| Decided following primary investigation   | 1 |
| Resolved with agreement of the complainant at initial checks or Primary Investigation | 0 |
| Complaints accepted for detailed investigation  | 0 |

| Decided following detailed investigation                               |    |
|--|----|
| Detailed investigations fully upheld                                   | 0  |
| Detailed investigations partly upheld                                  | 0  |
| Detailed investigations not upheld                                     | 0  |
| Detailed investigations resolved with the agreement of the complainant | 0  |
| Detailed investigations discontinued                                   | 0  |
| Uphold rate (only upholds)   | 0% |
| Uphold rate (upheld or partly upheld)                                  | 0% |

The department aims to respond to formal complaints within 20 working days. The complaints procedure can be found by using this link: <https://www.gov.uk/government/organisations/department-for-digital-culturemedia-sport/about/complaints-procedure>

## Departmental correspondence

DCMS accords Ministerial and public correspondence a high priority. These include departmental correspondence, parliamentary matters (such as laying documents in the House and answering Parliamentary Questions) and Freedom of Information requests. Our target is to reply to ministerial and public correspondence within 20 working days.

In 2020-21, DCMS received 12,994 items of ministerial correspondence (letters requiring a response from a minister), answering 64% on time. DCMS also received 9,547 items of official-level correspondence (letters requiring a response from officials), answering 74% on time.

Compared to the previous year, DCMS experienced an almost fourfold increase in the amount of correspondence received. While the department was able to respond to the majority of letters on time, the volume of correspondence combined with the ever evolving situation due to COVID-19 did impact DCMS's ability to respond as quickly as it has in previous years.

## SUSTAINABLE DEVELOPMENT REPORT

### Sustainability at DCMS - An Overview

DCMS takes its commitment to sustainable policies and practices seriously. In the past year the department has allocated resource within the strategy directorate to coordinate the department's approach to sustainability, net zero, climate change and the 2021 United Nations Climate Change Conference (COP26). In addition, the department's ALBs continue to take an active role in this space. An example of this is the Arts Council England's leading annual environmental reporting on the impact and actions of the arts sector.

Furthermore, DCMS is committed to encouraging staff to engage with sustainable practices. The department's green network continues to make excellent progress with corporate sustainability initiatives and are working closely with the strategy team to devise the department's sustainability action plan.

### Greening Government Commitments 2021-25

Our 2021-25 Greening Government Commitments were published in October 2021. These commitments set out the actions UK government departments and their partner organisations will take to reduce their impacts on the environment in the period 2021 to 2025. Over the next four years the commitments will be focused on climate change mitigation and adaptation, minimising waste and water use, and reducing the environmental impact of Information and Communications Technology usage.

### Climate Change Adaptation and the 25 Year Environment Plan

The department considers the environmental impact of its policies and recognises the impact of climate change on a number of its sectors, such as digital infrastructure. Such impacts may include changing weather, extreme events and rising sea levels.

DCMS is also actively involved in cross-government climate change adaptation and environment work. In 2020-21 the department has sat on the Climate Change National Strategy Implementation Group Adaptation Sub Group and the Defra-led 25 Year Environment Plan Board. The department will continue to attend these groups and undertake the associated work for the foreseeable future.

## Sustainable Procurement

The department is committed to ensuring procurement practices adhere to green objectives while delivering value for money, as set out in the Government Buying Standards. These standards work in tandem with the Government Greening Commitments, which set out targets for government departments and agencies to improve on water consumption, greenhouse gas emissions, waste reduction and includes transparent reporting on these targets and further relevant climate change adaptation.

Central Government procurement now takes account of the additional social benefits that can be achieved in the delivery of its contracts, as outlined in PPN 06/20, and includes objectives specifically related to fighting climate change:

- Deliver additional environmental benefits in the performance of the contract including working towards net zero greenhouse gas emissions.
- Influence staff, suppliers, customers and communities through the delivery of the contract to support environmental protection and improvement.

This covers over £49bn per year of annual spend by government and DCMS is striving to go further ensuring that the Social Value Model is integrated throughout our procurement activities.

### 26th UN Climate Change Conference of the Parties (COP26)

The department is playing an active role in ensuring the success of COP26 in November. A key part of this work has involved a wide ranging set of ministerial engagements with organisations across all of DCMS sectors to drive forward the net zero agenda and seek science based net zero commitments in line with the Race to Zero and Together For Our Planet SME campaigns. In June 2021 the Secretary of State launched the Tech Zero Taskforce which aims to secure net zero commitments from 1,000 UK tech firms by the end of the year.

### Commonwealth Games 2022

The Birmingham 2022 Commonwealth Games are set to be the most sustainable games since the event began almost a century ago. A sustainability pledge has now been published which sets out 7 key areas of focus for the event. These include delivering the first carbon neutral Commonwealth Games, commitments



to reducing waste and ensuring the games are inclusive and accessible to all. The Pledge is broad in scope, covering environmental, social and economic outcomes, aligning with the United Nations Sustainable Development Goals.

## Rural Proofing

The government has a responsibility to ensure all parts of the country can benefit from the opportunities provided by digital connectivity, and rural areas are not left behind.

In March 2020, the government agreed a deal with the mobile network operators to deliver the Shared Rural Network (SRN) programme to tackle the impact poor mobile coverage has on some communities, particularly in rural areas. This agreement will see the government and industry jointly invest over £1bn to increase 4G mobile coverage throughout the UK to 95% geographic coverage by the end of the programme.

The SRN will be delivered in two parts running in parallel. The first phase will see the four Mobile Network Operators (MNOs) collectively invest over £530m in a shared network of new and existing phone masts. This will help tackle partial not-spots - areas where there is currently coverage from at least one, but not all operators. Starting second and running in parallel the government is investing over £500m to go even further to significantly reduce total not-spots - those hard-to-reach areas where there is currently no coverage from any operator.

In England, the majority of coverage improvements from the SRN will come from the industry-funded and managed element of the programme, which will eliminate the majority of those partial not-spots by June 2024. The four MNOs have already commenced work on this element of the SRN, with coverage upgrades in many partial not-spot areas being delivered by the end of this year, and work to improve coverage in other areas in progress.

Parts of England will also benefit from government investment with £185m paid to the Home Office and the MNOs to make Extended Area Service (EAS) infrastructure being built as part of the new Emergency Services Network (ESN) available to MNOs to provide commercial coverage to help eliminate total not-spots.

This funding has now been released and both the government and the MNOs remain confident that their combined coverage is expected to be

delivered to 95% of the UK by the end of 2025.

On 29 June 2021, we announced further details about the coverage uplifts that will enable rural businesses and communities to thrive. Data and maps can be found here - <https://srn.org.uk/forecast-coverage-improvements/>.

The government is also committed to providing good quality wireless connectivity, including 5G, across the UK. We are developing our UK Wireless Infrastructure Strategy to set out what connectivity the UK needs over the next decade, and what steps need to be taken to deliver this.

Our ambition is for the majority of the population to have access to a 5G signal by 2027 and we want to ensure that UK businesses reap the full benefits of 5G and all four MNOs have launched their 5G networks.

Whilst the vast majority of investment in 5G will be made by the private sector, the government has taken a proactive approach towards funding research and trials of 5G networks. The government has allocated £200m from the National Productivity Investment Fund to the 5G Programme, which launched in late 2017 and will run until the end of March 2022.

The programme has supported 7 projects to ensure that rural areas in the UK can also benefit from innovative 5G technology including:

- Experimenting with aqua and agricultural technology in the 5G Rural Dorset project.
- Using 5G to enhance the visitor experience at the Eden Project.
- Exploring infrastructure challenges through the West Mercia Rural 5G, with an emphasis on piloting 5G health and social care applications.
- Preservation of Sherwood Forest while enhancing the visitor experience under the 5G Connected Forest project.
- Using 5G to develop new opportunities for businesses and residents in rural communities in Monmouthshire, North Yorkshire, Shropshire and Somerset.
- Developing a rural network 'toolkit' for enabling mobile and wireless connectivity using 5G technologies and strategies in rural areas across the UK to enable other areas to benefit.

- Demonstrating how multi-operator neutral host cellular networks based upon small cell technology can be used to solve the problem of rural not spots.

In line with our levelling up agenda, we want to become a world-class leader in digital connectivity. To achieve this we will deliver reliable, long-lasting, gigabit-capable connections, ensuring that they are made widely available across the UK at pace. In September 2021, the UK passed the milestone of 50% coverage of gigabit networks.

The 2018 Future Telecoms Infrastructure Review identified that delivery of gigabit-capable networks to up to 20% of UK premises could require government intervention. The 2020 National Infrastructure Strategy clearly outlined the ambition of the government: to target a minimum of 85% gigabit-capable coverage by 2025 and seek to accelerate roll-out further to get as close to 100% as possible, with £5bn announced at March 2020 Budget to achieve these targets.

This funding will create productivity impacts by enabling rural businesses to engage in data-intensive activities - for example, real-time updates on every cow's health on a dairy farm via a connected herd management system - as well as attracting other businesses more traditionally based in areas with stronger connections, bringing a larger customer base and greater opportunities for rural businesses to diversify.

Throughout 2021, the government has announced the initial locations of the hard-to-reach homes and businesses set to receive next-generation gigabit-capable broadband as part of the £5bn 'Project Gigabit'. These premises being built with a public subsidy are predominantly rural and remote and are also less likely to already have access to superfast broadband in comparison to the rest of the UK.

The government has already transitioned live contracts for broadband networks under the Superfast Programme to deliver gigabit-capable infrastructure, and Project Gigabit is using a mix of different interventions to harness market activity and deliver to these hard-to-reach areas. This includes re-launching the successful Gigabit Vouchers scheme, which connects rural homes and businesses, and the pipeline of new procurements to award public subsidy to build gigabit-capable infrastructure in regions all across the UK.

The Digital Infrastructure and Building Digital UK teams within DCMS are regularly liaising with industry, local authorities, and other government departments, including the Department for Environment, Food and Rural Affairs and its stakeholders, to release this investment into rural areas as soon as possible.

### **Building Digital UK**

This year BDUK is undertaking a more in depth scoping exercise to assess what further role to play in supporting net zero carbon reductions for the deployment of digital infrastructure within the final 20% (non-commercial areas) of the UK. This includes building upon an Environmental Impact Assessment from June 2020, and incorporating into benefit and evaluation assessments, and social values within our procurements. BDUK is working closely with the Digital Infrastructure Policy and Digital Strategy teams in DCMS to align.

### **OTHER AREAS**

#### **Regulatory Policy Committee**

The Regulatory Policy Committee (RPC) provides an opinion on the quality of evidence in regulatory impact assessments (IAs). There were four final-stage IAs submitted to the RPC for review in the financial year 2020-21. A number of IAs received informal opinions from the RPC or were analysed internally (where classified under the 'De Minimis' threshold). All IAs are subject to an internal analytical peer review process and are signed off by the DCMS Chief Economist.

#### **Machinery of government changes**

Responsibility for government use of data transferred from DCMS to Cabinet Office, effective from 21 July 2020. Please see note 1.34 for further details.

#### **Prompt payment of suppliers**

The department's policy is to comply with the Institute of Credit Management's Prompt Payment Code, of which DCMS is an approved signatory. Whilst the department's standard terms and conditions for the supply of goods or services specify payment within 30 days of receipt of a valid invoice, the department aims to pay all valid invoices within 5 working days of receipt.

In 2020-21, 87.2% of undisputed invoices were paid within 5 working days against the target set by the Cabinet Office of 90%. Continued efforts have been made to streamline the department's processes to ensure that payments can be processed as promptly as possible while maintaining a suitable level of controls to ensure that invoices are valid and that the related services have been delivered.

### **Auditor's remuneration**

These financial statements have been audited, under the Government Resources and Accounts Act 2000, by the Comptroller and Auditor General, who is appointed under statute and reports to Parliament. His certificate and report is included in the accounts on page 104. The external audit cost of the departmental group was £3.7m comprising £0.5m notional and £3.2m cash. Further information is provided in note 4.3 to the accounts.

### **Directorships and significant interests**

Details of directorships and other significant interests held by ministers are set out in the Register of Lords' Interests and the Register of Members' Financial Interests. In accordance with Cabinet Office guidance, DCMS maintains a register of interests that records details of directorships and other significant interests held by senior managers in the department. Details of related party transactions, including those arising as a result of the interests of DCMS board members, are listed at note 25 'Related party transactions'. Note that there were no such interests for special advisers during the year.

## **Statement of Accounting Officer's responsibilities**

Under the Government Resources and Accounts Act 2000 (the GRAA), HM Treasury has directed the Department for Digital, Culture, Media and Sport to prepare, for each financial year, consolidated resource accounts. The document details the resources acquired, held or disposed of, and the use of resources, during the year by the department and its sponsored non-departmental and other arm's length bodies. This report is required under the Government Resources Accounts Act 2000 by Statutory Instrument 2020 No.251, as amended by Statutory Instrument 2020 No.1530. Together, they are known as the 'departmental group', consisting of the department and sponsored bodies listed at note 28 to the accounts. The

accounts are prepared on an accruals basis, and must give a true and fair view of the department and departmental group's state of affairs. The accounts must also detail the departmental group's income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer of the department is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- ensure that the department has in place appropriate and reliable systems and procedures to carry out the consolidation process
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental and other arm's length public bodies
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a 'going concern' basis

HM Treasury has appointed the permanent head of the department as Accounting Officer of the Department for Digital, Culture, Media and Sport.

The Accounting Officer of the department has also appointed the chief executives or equivalents of its sponsored non-departmental and other arm's length public bodies as Accounting Officers of those bodies. The department's Accounting Officer is responsible for ensuring that appropriate systems and controls are in place to ensure that any grants to department-sponsored bodies are applied for the purposes intended. This responsibility extends to ensuring that, for the purposes of consolidation within the resource accounts, such expenditure, and the other income and expenditure of the sponsored bodies, are properly accounted for. Under their terms of appointment, the Accounting Officers of the sponsored bodies are accountable for the use, including the regularity and propriety, of the grants received, and the other income and expenditure of the sponsored bodies.

I take personal responsibility for the annual report and accounts and confirm that they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view.

As Accounting Officer, I confirm that, as far as I am aware, there is no relevant audit information of which the department's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the department's auditors are aware of that information.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the assets of the department or non-departmental or other arm's length public body for which the Accounting Officer is responsible, are set out in 'Managing Public Money' published by HM Treasury.

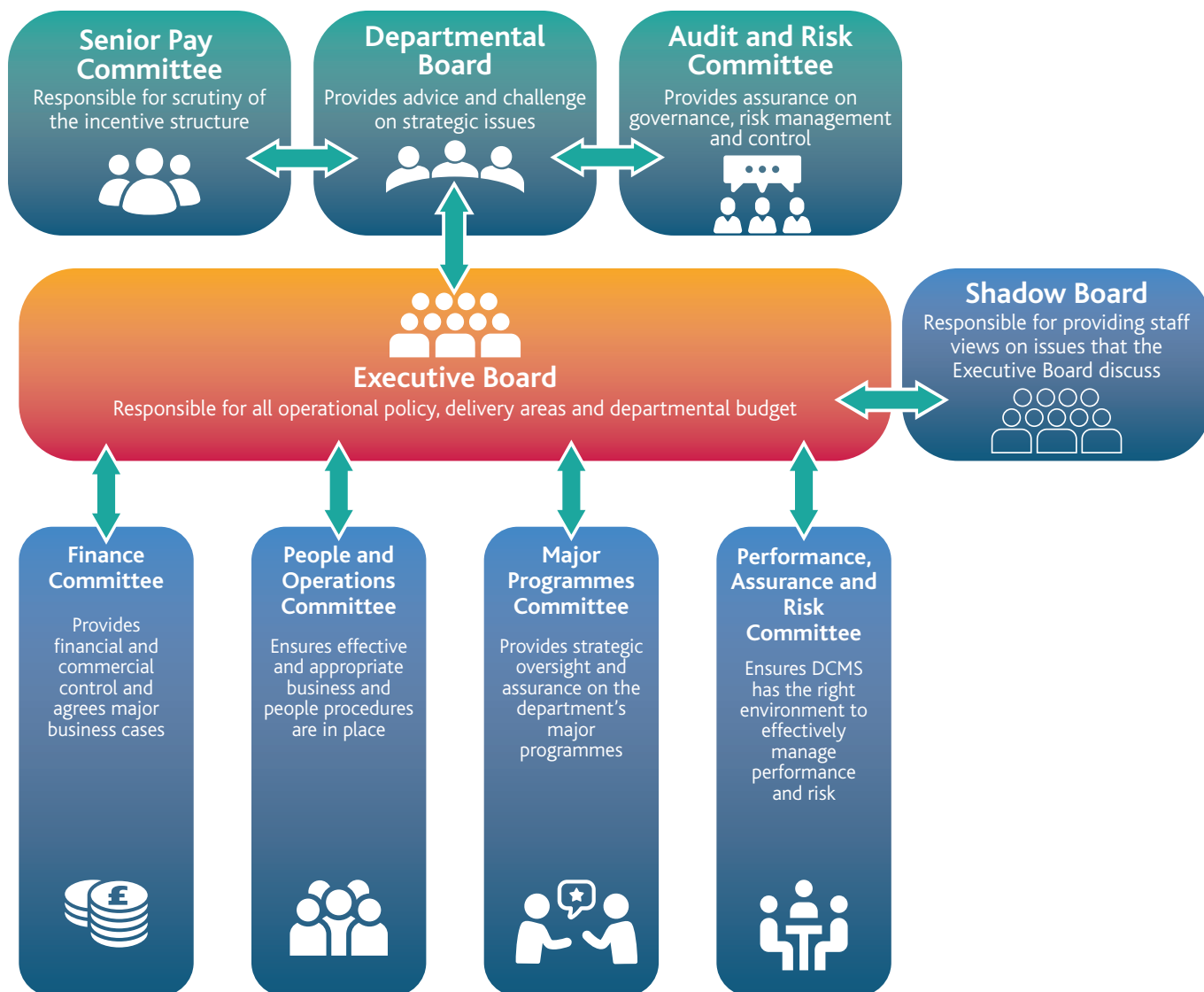
## Governance statement

This statement sets out the department's governance structure, risk management framework and internal control procedures. It reflects current arrangements and outlines the significant changes made to increase the robustness and efficacy of governance throughout 2020-21. It also integrates information about the department's public bodies included in the department's consolidated accounts for 2020-21.

### Structure

The governance structure below applies to the core department, also referred to as 'the department' in this statement.

## Department Board Structure





## **Departmental Board (DB)**

DB forms the collective strategic and operational leadership of the department. Chaired by the Secretary of State, its members include the ministerial team, Non-Executive Board Members (NEBMs), the Permanent Secretary, Directors General and the Finance and Commercial Director. DB met 4 times formally in 2020-21. Its discussions were focussed on the department's response to the COVID-19 pandemic, departmental preparations for the end of the EU Transition Period and other key strategic risks and opportunities for the department.

## **Audit and Risk Committee (ARC)**

ARC supports DB and the Accounting Officer by providing independent scrutiny, support and challenge of DCMS's arrangements for governance, risk management and control. Chaired by a NEBM (Hemant Patel), it includes the DCMS Lead NEBM (in 2020-21 this was Charles Alexander) and 2 independent members (Phill Wells and Brian Porritt). The Permanent Secretary, Directors General, Finance and Commercial Director, Government Internal Audit Agency (GIAA) and National Audit Office (NAO) all attend meetings. ARC reports to and advises DB on governance, risk management and internal control. It met 4 times in 2020-21 and continued to provide advice and challenge on the preparation of the DCMS consolidated annual report and accounts, the National Lottery Distribution Fund (NLDF), strategic risk, the risk management framework, arm's length body assurance processes, EU exit preparedness, the department's transformation programme and both the external and internal audit plans.

## **Executive Board (EB)**

EB provides the day to day leadership of the department, overseeing delivery in support of ministers' objectives and reviewing budgets across the department. Throughout 2020-21 it met fortnightly. It is chaired by the Permanent Secretary and membership comprises the Directors General, Director of Corporate Strategy, Director of Finance and Commercial and Director of People and Workplace. The DCMS Legal Director is also invited to attend (but is not a member). During the initial response to the COVID-19 Pandemic EB met daily.

EB is supported in its decision making by a Shadow Board with representation of all grades below SCS2. EB also increases transparency through a staff observer programme, where staff from all grades can observe meetings, and it provides regular staff updates via the intranet.

## **Executive Board and committees**

EB is supported by 4 committees: Finance Committee; People and Operations Committee; Performance, Assurance and Risk Committee; and the Major Programmes Committee.

Details of each committee are summarised below:

### **Finance Committee (FC)**

FC is responsible for reviewing and approving business cases for major projects (including museum loans) with a total whole life cost that either exceeds £15m or exceeds a public body's delegated limit, where relevant. It is supported by the Investment Sub-Committee and is chaired by the Finance and Commercial Director.

### **People and Operations Committee (POpCo)**

POpCo is responsible for creating the most appropriate environment for staff development and talent attraction. It creates and sustains the right culture and values for DCMS. It ensures the department has robust policies, processes and systems for HR, IT and Knowledge Management, and that the department has a modern, dynamic and secure working environment. It is chaired by the Director General for Strategy and Operations.

### **Performance, Assurance and Risk Committee (PARCo)**

PARCo is responsible for creating an environment that allows DCMS to effectively manage performance and risk across its portfolio of policy work and projects. It provides assurance that the department's policies, procedures and systems in this area are fit for purpose. It is chaired by the Director General for Digital and Media.

## Major Programmes Committee (MPC)

MPC provides strategic oversight and assurance on the department's portfolio of major programmes and projects. This portfolio primarily consists of projects included in the Government Major Projects Portfolio (GMPP). The committee reviews a pipeline of projects above £15m at each meeting and decides if any of these need to be added to the portfolio. Throughout 2020-21 it was chaired by the Director General for Digital and Media. This has now been taken over by the Directors General for Culture, Sport and Civil Society.

## BOARD PERFORMANCE AND EFFECTIVENESS

The HM Treasury and Cabinet Office Corporate Governance in Central Government Departments: Code of Good Practice requires all departments to undertake an annual Board effectiveness evaluation. As reported in last year's governance statement EB and its committees undertook a fundamental review of its set up and operation in 2019-20, and the structure reflected in this statement has been in operation for the full 2020-21 year. A review of the implementation and effectiveness of EB and its committees was completed in March 2021. The review found that EB and its committees were operating effectively and meeting their respective terms of reference. In particular the set up of governance enabled the department to remain resilient and responsive to the challenges

posed by COVID-19. This was a view shared by GIAA in their internal audit of the department's Governance reprioritisation in response to COVID-19.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The department fully complies with the HM Treasury and Cabinet Office Corporate Governance Code for central government departments, with the following variations:

- The Senior Pay Committee (SPC), comprising the Permanent Secretary, Lead Non-Executive Board Member, a second Non-Executive Board Member and the Director of People and Workplace, fulfils the role of a Nominations and Governance Committee, primarily to scrutinise the incentive structure
- The Head of Internal Audit attends the ARC rather than the DB and the ARC chair reports risks, issues and an overview of the committee's work at each DB meeting

## ATTENDANCE FOR 2020-21

|  | DB  | ARC | SPC | EB    |
|--|-----|-----|-----|-------|
| Number of meetings held                                    | 4   | 4   | 1   | 21    |
| <b>Ministers</b>   |     |     |     |       |
| The Rt Hon Oliver Dowden CBE MP                            | 3/4 | -   | -   | -     |
| Caroline Dinenage MP                                       | 4/4 | -   | -   | -     |
| The Rt Hon John Whittingdale OBE MP                        | 4/4 | -   | -   | -     |
| Baroness Barran MBE  | 3/4 | -   | -   | -     |
| Nigel Huddleston MP  | 3/4 | -   | -   | -     |
| Matt Warman MP   | 4/4 | -   | -   | -     |
| <b>Non-Executive Board Members and Independent Members</b> |     |     |     |       |
| Charles Alexander  | 4/4 | 4/4 | 1/1 | -     |
| Hemant Patel   | 3/4 | 4/4 | 1/1 | -     |
| Neil Mendoza   | 1/1 | -   | -   | -     |
| Matthew Campbell-Hill                                      | 1/1 | -   | -   | -     |
| Sherry Coutu CBE   | 4/4 | -   | -   | -     |
| Baroness Laura Wyld  | 3/3 | -   | -   | -     |
| Phill Wells*   | -   | 3/4 | -   | -     |
| Brian Porritt*   | -   | 4/4 | -   | -     |
| <b>Executive</b>   |     |     |     |       |
| Sarah Healey   | 4/4 | 4/4 | 1/1 | 21/21 |
| Sam Lister   | 4/4 | 4/4 | -   | 21/21 |
| Susannah Storey  | 3/4 | 4/4 | -   | 19/21 |
| Polly Payne  | -   | -   | -   | 1/1   |
| Ruth Hannant   | -   | -   | -   | 1/1   |
| Sarah Tebbutt  | -   | -   | -   | 3/4   |
| Kate Caulkin   | -   | -   | -   | 15/17 |
| Nico Heslop  | -   | -   | -   | 20/21 |
| Jacinda Humphry  | 3/4 | 3/4 | -   | 15/21 |
| Emma Squire  | 2/2 | 2/2 | -   | 8/8   |
| Ed Clift   | -   | 1/1 | -   | 2/2   |
| Scott McPherson  | 1/1 | 0/1 | -   | 6/6   |
| Helen Judge  | 1/1 | 2/2 | -   | 7/7   |

'-' denotes an individual who is not a member of this group or invited to attend. Various individuals were not in position for the full year, this is demonstrated by only showing the total number of meetings they were eligible to attend.

\* Independent Members of the Audit and Risk Committee

## NON-EXECUTIVE BOARD MEMBERS

Since the start of 2020-21 the department has appointed three Non-Executive Board members, Claudia Arney, Priya Lakhani and Baroness Laura Wyld. Neil Mendoza, Matthew Campbell Hill and Charles Alexander have all left the department's Non-Executive team since the start of 2020-21. In May 2020, Neil Mendoza was appointed by the Secretary of State as Commissioner for Cultural Recovery and Renewal. This new position draws on Neil's considerable experience in the culture and financial sectors, as well as his time as a DCMS Non-Executive Board member, to provide an expert and independent voice to Government, and advise on how the culture sector can best recover from the COVID-19 pandemic. Claudia, Priya and Baroness Wyld join Hemant Patel and Sherry Coutu on the department's Non-Executive Team.

Outside of DB and ARC, Non-Executive Board Members continue to provide guidance and advice to DCMS officials and ministers. They support and challenge management on the department's strategic direction and provide support in monitoring and reviewing progress.

## DECLARATION OF INTERESTS

DB, ARC, Special Advisers and EB Members have disclosed a range of interests. Further details can be found at the directorships and significant interests paragraph on page 47. Further details on Declarations of Interest can be requested via [enquiries@dcms.gov.uk](mailto:enquiries@dcms.gov.uk).

At the end of 2020-21 an exercise was conducted to review all Senior Civil Servants interests outside of their roles within the department. This was designed to ensure that the department was managing any potential conflicts in line with the Civil Service management code.

The exercise did not reveal any undeclared interests. Those outside interests that were declared were not deemed to be conflicts with the work of the department and the department was assured that all steps to mitigate potential risks were put in place.

Following this exercise, the department is putting in place a new policy to ensure this is reviewed on a regular basis and Senior Civil Servants are reminded of their responsibilities against the Civil Service management code to declare and manage any outside interests.

## INFORMATION MANAGEMENT

All Boards and committees are provided with a range of management information in order to review the department's performance and capability.

During 2020-21 the department introduced a new Delivery Unit to provide consistent data, insight and assessment of departmental priorities. This has enabled the department to obtain a greater view on delivery, anticipate success, identify emerging problems and allow for data driven decision making.

In regards to the information EB reviews, work has continued to build on improvements to the financial, people and workplace and risk data that is regularly presented.

## PERSONAL DATA INCIDENTS

In 2020-21 there were two cases that were recorded as a personal data breach.

A DCMS official responded to an enquiry about the creation of a national miner's memorial and used the previous response template but accidentally left the contact details of the previous correspondent, without replacing them with the new correspondent's details. As it was emailed it was sent to the correct recipient, albeit with the wrong postal address detailed within it. It was not reported to the Information Commissioner's Office (ICO) and was deemed low risk.

An email was sent from one of the department's shared mailboxes to 469 individuals' personal email addresses. This email was in response to separate enquiries regarding the collapse of Football Index. Recipients should have been BCC'd into the email, but were mistakenly CC'd into the email and therefore had sight of personal email addresses. The matter was reported to the ICO but no further action was taken by them.

## EXTERNAL REPORTING

The Department provides information to HM Treasury (HMT) through its Online System for Central Accounting and Reporting (OSCAR) system. Returns to HMT input into wider Government reporting on spending which are made available for public scrutiny.

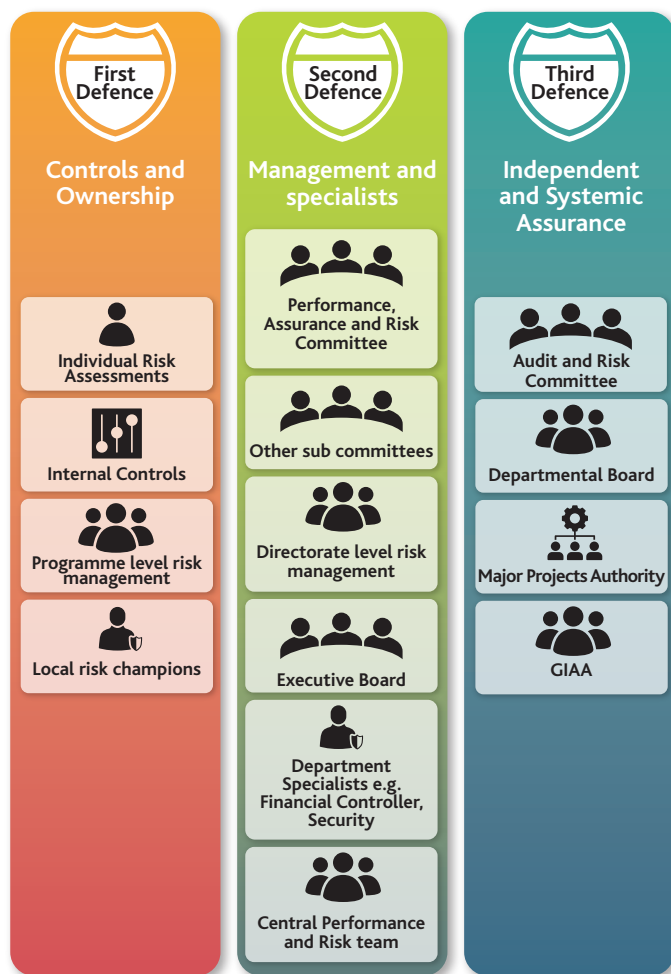
The Department also publishes transparency information on transactions over £10k which are made available to view on gov.uk.



DCMS regularly assesses the quality of the data provided into these returns and ensures it is consistent with data provided to the Board.

## APPROACH TO RISK MANAGEMENT

Managing risk is an important part of the Accounting Officer's role in the department. Strategic and work programme level risk is currently discussed at DB, ARC and EB, and features in all sub-committees where appropriate. The department retains 3 lines of defence, as shown in the graphic below:



1. The first line of defence is made up of operational controls and contingencies taken to reduce the risk at first sight.
2. The second line of defence involves the department's risk and assurance professionals across Finance, Security, IT, the central Performance and Risk team, and beyond. EB here acts in an operational capacity on the advice of its committees.
3. The third and final line of defence includes external organisations who provide systematic assurance (eg the GIAA), challenge (eg the Infrastructure and Projects Authority), and regular third-party oversight (such as through the Non-Executive Board

Members on the Audit and Risk Committee). The Departmental Board also sits here as the department's ultimate strategic oversight board.

In addition to these 3 lines the NAO provides general oversight and assurance around the department's risks and controls.

Risks in the department are considered to be anything that may damage or disrupt the achievement of its objectives. These often represent key uncertainties around its objectives.

Throughout 2020-21 strategic and top level risks were monitored through the department's executive risk register. The department's top strategic risks throughout 2020-21 can be found on page 15.

## CHANGES TO RISK MANAGEMENT

The department has made significant improvements over the last six months of 2020-21 to mature its approach to risk management. DCMS developed its new risk management framework (following engagement with staff, EB and its committees) and a risk appetite statement was issued to all staff by the Permanent Secretary in March 2021. The Framework was rolled out in 2021-22. A new and bespoke risk training offer programme has been launched, which will be mandatory for all Senior Civil Servants. This is in addition to launching new risk deep dives on our major programmes (two completed with 4th National Lottery Licence and Festival UK\* 2022). Improvements have also been made to the Executive Risk Register to provide an opportunity for the Executive Board to consider the department's strategic risks facing the department. This will continue to be adapted to ensure it links with other developments on risk management.

There has been considerable engagement on risk with senior leaders through EB and PARCo with ARC providing regular oversight and challenge to the roll out of the new framework.

Risk appetite and Post Event Assurance exercises in relation to the COVID-19 relief packages are covered in the Fraud and Error section, this work focused on four high risk COVID-19 support packages: Voluntary, Community and Social Enterprise funding package; Cultural Recovery Fund; Sports Survival package; and National Leisure Recovery Fund.

The results of the Post Event Assurance exercises to date have been presented to PARCo along with an update on loan governance. The department's risk appetite is averse for financial propriety and regularity risks with a determined focus to maintain effective financial control frameworks and accountability.

## **ASSURANCE EXERCISES**

A refreshed approach to the annual assurance exercise was piloted in 2020-21, to enable more in-depth conversation around the management of risks with senior leaders. This was important because the mid-year assurance review was not taken forwards in the light of pandemic resourcing priorities. As in the previous year, all DCMS Directors with delegated budgets were surveyed to seek assurance against existing risk management practices and controls, whilst also inviting proposals for improvement. Interviews to probe the underlying issues and findings were held with a sample of Directors, alongside reviews with functional teams to validate the conclusions. As a new practice, in-depth panel sessions were held with each Director General, their Director teams and key representatives from corporate teams to agree the key insights and actions. An independent member of the DCMS Audit and Risk Committee attended all three panels, to provide objective challenge. Each Director General owns a set of focused actions, with regular reporting on progress to the Accounting Officer and to the Audit and Risk Committee.

The exercise demonstrated progress in a number of key areas, including the quality of Finance and HR business partnering, implementation of diversity and inclusion policies and a sharper focus on risk management. We recognise there is still further work to be done to fully embed a 'culture of compliance' and to ensure appropriate learning is in place, particularly given the proportion of staff who are new to DCMS. Examples include reviewing our mandatory training, and requiring all Directors and SCS colleagues to take part in a 'Managing Public Money' masterclass as part of their delegated budget requirements. We will also focus on continuing to enhance risk management, commercial and project delivery capability, and data/cyber security.

We have established a new Deputy Director role for 2021-22 to bring together and increase the resources dedicated to driving effective risk management, assurance and counter-fraud

activity. This team will lead on clarifying and ensuring greater consistency in the second line assurance role, reporting to the Finance and Commercial Director. In addition, we plan to build on our existing Partnership Programme with the Accounting Officers and Audit Chairs of DCMS' public bodies to include more direct assurance of their risk management and controls, in line with government best practice.

## **GOVERNANCE OF PUBLIC BODIES**

DCMS has a large, diverse range of public bodies spanning numerous sectors. Over the financial year 2020-21, DCMS worked with 45 public bodies with a wide span of policy and operational responsibilities.

The department's public bodies are governed by their own independent boards, each with their own separate governance and internal assurance structures, details of which can be found in their individual annual reports and accounts. The 38 bodies consolidated into the department's accounts are all individually reviewed by DCMS as part of the process of preparing the group accounts.

In 2020-21 the department received assurance on risks and delivery within the 38 arm's length bodies through:

- policy colleagues via a sponsorship model
- arm's length bodies' governance statements
- advice and challenge from the Audit and Risk Committee on assurance processes
- a dedicated Performance and Risk Board, which provided assurance to EB, via PARCo, on the department's relationship with its bodies

Public bodies continue to use the department's guidance on Board Performance Appraisals. The requirement to undertake an annual board performance assessment is included within the Framework Document for each public body and informs the process of the potential reappointment of board members.

## Tailored reviews

Tailored Reviews provide assurance to Ministers and departmental Principal Accounting Officers of the on-going need for the functions of its Non-Departmental Public Bodies (NDPBs), also known as Arm's Length Bodies (ALBs) and provide an opportunity for ALBs themselves to reflect on their work and how they operate.

A Tailored Review of the operating model for and activities of Historic England and English Heritage was launched in March 2019. Fields Wicker-Miurin chaired the Challenge Panel for the Tailored Review of Historic England. The final report was published in November 2020.

The Review concluded that Historic England operates well with appropriate statutory purposes and functions that should be retained, and also that it should remain classified as an NDPB of DCMS.

The department's remaining Tailored Review programme has been paused due to COVID 19, and the additional pressures placed on DCMS Public Bodies. Consideration will be given to the proposed new ALB reviews programme during 2021-22.

## Appointment to public body Boards

DCMS ministers appoint, or make recommendations to the Prime Minister or the Sovereign to appoint, the chairs and trustees of the majority of DCMS public bodies.

Appointments to 41 of the department's public body Boards are regulated by the Commissioner for Public Appointments.

Between 1 April 2020 and 31 March 2021, the department made 80 regulated public appointments. Of these, 37 were reappointments and 43 were new appointments. 34% of new appointments and 46% of reappointments were female. 29% of new appointments and 8% of reappointments were made to people from a Black, Asian and Minority Ethnic (BAME) background. 10% of new appointments and 3% of reappointments were made to candidates declaring disabilities.

## Managing risks in public bodies

While responsibility for managing their own risks remains with public bodies, the department regularly reviews those public bodies which have the potential to impact on the departmental group. The risk reviews are also used to set the

level of departmental engagement with individual public bodies.

The department's public body risk management system has been rebalanced, with more emphasis on risk indicators and evidence. In 2020-21 the Performance, Assurance and Risk Committee (PARCo) has overseen the management of DCMS core department risk. A new sub-committee of PARCo, the Public Bodies Performance and Risk Board, was created in May 2020 to provide a more focussed forum to monitor all public body risks and support effective and aligned risk mitigation. This is in addition to established senior and regular engagement via the Public Bodies Partnership Project, which was established in 2019-20 as part of the department's governance review. Once complete, this project's outcomes will provide further assurance on the operations and resilience of the department's public bodies.

In line with the scope of Accounting Officer responsibility, the department has framework document agreements with all directly funded public bodies setting out the department's expectations in return for the public funds applied, and associated financial arrangements or accountability lines. Lottery distributors and regulators have similar arrangements relating to their own circumstances. Accounting Officers of all public bodies are made aware of the importance of managing risks proportionately, maintaining a sound internal control system, and ensuring propriety, regularity and value for money in all aspects of governance, decision making and financial management. During the financial year (or after the year-end and before the department's accounts are signed), all public body accounting officers are required to notify the department of significant internal control weaknesses or issues arising. They must incorporate a governance statement in their accounts. The department takes prompt follow-up action as necessary on any matters identified from these governance statements or notifications. In addition, the public bodies have their own audit committees, and the department's Finance and Commercial Director writes to the chairs of these forums requesting disclosure or any matters warranting inclusion in this report.

## GENERAL OVERSIGHT

For those areas significant to the group's accounts, an overview of the governance arrangements is set out below.

### National Lottery

The department is responsible for the architecture of the National Lottery regime and works closely with the Gambling Commission (GC), the independent regulator of the National Lottery licence holder. Amongst other things, the GC monitors and reports on the performance of Camelot (the current licence holder) and enforces the terms of its Section 5 licence. The department maintains oversight of the GC's activities through appropriate controls, including a management statement covering regularity and propriety issues, and through an established series of regular meetings and ad hoc interactions.

The current (third) licence to run the National Lottery is coming to an end in 2023. The GC is running the competition for the next licence and is responsible for awarding the winning bid. The department is responsible for providing oversight to the GC including with regard to the design of the competition and licence.

The amounts raised through the National Lottery for Good Causes are paid into the National Lottery Distribution Fund (NLDF) which is managed and run by staff employed by the department. Lottery monies are independent of the government and are distributed by independent lottery distributing bodies. The department implements appropriate controls over lottery distributors, including financial directions, to ensure propriety, regularity and accountability in their handling of lottery monies drawn down. DCMS seeks annual confirmation from all lottery distributors of key systems of internal control in relation to their handling of lottery monies.

DCMS has been closely monitoring National Lottery sales and good cause returns since government measures were put in place to slow down the COVID-19 pandemic.

### The BBC

The BBC is established by Royal Charter. Her Majesty the Queen granted the latest Charter at the end of 2016 and it will last until 31 December 2027. The BBC Board has up to 14 members, with the government appointing the chair and four non-executive members for each of the

nations. The BBC appoints five non-executives and four executive members to the Board. Neither ministers nor the department have direct responsibility or accountability for the BBC's day to day expenditure, nor operational, managerial or editorial decision-making, as these roles are vested in the BBC and its Board.

In 2015 the government decided, as part of the new BBC funding settlement, to increase the licence fee in line with inflation for the first five years of the new Charter period. On 1 April 2020, the fee increased from £154.50 to £157.50. The BBC has responsibility for the collection of the licence fee, and the Board must ensure that arrangements for the collection of the licence fee are efficient, appropriate and proportionate (as set out in the Charter).

The BBC Board has responsibility for the content of the 2020-21 BBC Annual Report and Statement of Accounts.

### Other

The department also sponsors a number of advisory bodies and committees (5 of which are classified as advisory NDPBs), public corporations and public broadcasting bodies (which have greater levels of independence) and other organisations that receive DCMS grant funding.

## DCMS GROUP ACCOUNTS - POINTS OF INTEREST

### Accounts timetable

The timetable for laying the DCMS group accounts has been revised from pre-summer-recess (July) to post-recess. This was due to the continuing COVID-19 related challenges encountered with producing accounts and completing audits, and the impact of post-recess laying in 2019-20. As such, a pre-recess laying date for 2020-21 was not feasible. Several other ALBs are also impacted.



## FRAUD AND ERROR

The department's risk appetite for fraud is minimal. The department's fraud policy sets out in detail how we aim to achieve this, whilst the fraud response plan sets out the arrangements for reporting and responding to fraud. The policy and plan have been reviewed in line with Cabinet Office guidelines. DCMS has a Counter Fraud Responsible Officer at EB level who is responsible for ensuring that the department's overall arrangements for managing the risk of fraud are appropriate. All suspected frauds against the department or public bodies, or affecting Exchequer funding, are recorded and reported to audit and risk committees, and relevant authorities, including law enforcement agencies, as appropriate.

Due to the circumstances of COVID-19, the department accepted a higher tolerance to risk with an acknowledgement that, due to the demand for urgent delivery of relief schemes, the emphasis of counter fraud work would pivot towards remedial or post-event scrutiny, with Post Event Assurance workstreams embedded in COVID-19 relief packages.

Post Event Assurance exercises have focussed on four high risk COVID-19 support packages: Voluntary, Community and Social Enterprise funding package; Cultural Recovery Fund; Sports Survival package; and National Leisure Recovery Fund.

The results of the Voluntary, Community and Social Enterprise funding package and the Cultural Recovery Fund have been shared with the Public Accounts Committee, at the [recall session](#) on 4 November 2021.

The Voluntary, Community and Social Enterprise (VCSE) funding package, primarily distributed by the National Lottery Community Fund, highlighted a small amount of fraud and error which is immaterial to both the National Lottery Community Fund accounts and the DCMS Group accounts. The Department's appetite for financial loss is minimal. The Department has designed a Debt Strategy for recovery of fraud and error recovered through the VCSE Post Event Assurance setting out thresholds and pathways for recovery. The Debt Strategy has been approved by the Executive Board and presented to the Parliamentary Accounts Committee.

The results to date on the other support packages including loans have not identified materially significant amounts of fraud and error

with reference to Cabinet Office thresholds set on fraud and error.

BDUK has undertaken a third and final stage of Fraud Measurement and Assurance (FMA) on their vouchers scheme for broadband connections. An initial report was submitted to the Cabinet Office at the end of March which continues to be reviewed and assessed for its effectiveness in identifying and measuring fraud in the scheme. Subsequent to submitting the initial report BDUK are continuing to resolve outstanding test cases in order to further enhance the measurement of fraud in the scheme. The testing identified individual cases of fraud, which are being investigated alongside other existing cases of fraud and error, as well as some areas where counter fraud controls could be enhanced. In response, BDUK have tightened supplier registration controls in response to findings under the FMA review and are progressing other control improvements across their interventions. This activity is being driven forward and overseen by the Counter Fraud team which has been established in BDUK during 2021.

Across the department's public bodies, there were a number of suspected fraud activities in 2020-21 that impacted both exchequer and lottery funding. Public bodies will continue to work with their counter fraud specialists, other lottery bodies and the police on any ongoing investigations and will report their outcomes to both their audit committees and the department as they occur.

An internal audit of the Department's oversight of its public bodies' approach to counter fraud made a number of recommendations including a more systematic and targeted approach to monitoring and supporting ALBs in reaching the counter fraud functional standards. Work to implement the associated recommendations started in late 2020, with completion anticipated in Q2 2021.

## WHISTLEBLOWING

The DCMS Whistleblowing Policy, Procedures and Frequently Asked Questions (FAQs) are published on the department's intranet. DCMS has 2 independent nominated officers whom staff can approach anonymously to report any concerns they may have about perceived wrongdoings or something that goes against the Civil Service Code (i.e integrity, honesty, objectivity, impartiality). In the 2020 People Survey DCMS obtained a score of 86% for

inclusion and fair treatment (a 4% increase compared to 2019). In addition 94% of staff reported that they were aware of the Civil Service Code, 58% knew how to raise a concern under the code, and 77% confirmed they were confident that a raised concern under the Civil Service Code would be properly investigated.

## **CORE DEPARTMENT AND SHARED SERVICES**

The department has continued to enhance the use of modernised cloud-based HR and payroll platforms to provide improved access to employee management information and automated transactions. This work has been completed in accordance with the Cabinet Office's Global HR Technology Design Standards whilst the department is now fully engaged in the shared services programme to embed new Enterprise Resource Planning systems, joining a cross Government cluster that includes the Cabinet Office and BEIS.

Internal IT services are now provided by the in-house DCMS team, following transition from the Cabinet Office provided service, using cloud hosting and Software as a Service applications as part of the service delivery strategy. IT will form part of the new DDaT (Digital, Data and Technology) function being set up with funding expected through the Comprehensive Spending Review. There is a focus on usability, accessibility, security and availability, with end to end management of device provision, build and maintenance. Account and data security have been enhanced by the introduction of Okta Identity Platform and Single Sign-on capability, employing multi-factor authentication; full audit capability is now in place. The internal network and wifi service is now delivered by DCMS IT to the department, in 100 Parliament Street, providing better connectivity and capacity, including print services and video-conferencing suite.

Further work will be done to provide similar facilities in the Manchester hub.

## **GROUP WRITE-OFFS**

A summary of losses can be found in the Parliamentary accountability disclosures on page 100. During 2020- 21, 201 individual losses exceeded £300,000.

## **TAX POLICY FOR OFF-PAYROLL APPOINTEES**

Tax assurance evidence is sought annually to ensure compliance and where this is not the case, the expectation is that contracts will be terminated. DCMS public bodies have also been asked to provide assurance of compliance with this tax policy. Personal details of all engagements where assurance is requested but not received, for whatever reason, except where the deadline for providing assurance has not yet passed, is sent to HM Revenue and Customs for further investigation.

A summary of the DCMS tax assurance data is available at: <https://www.gov.uk/government/publications/dcms-tax-reporting-data-for-off-payroll-workers-april-2020-to-march-2021>.

## **MINISTERIAL DIRECTIONS**

A ministerial direction is defined as the occasion where the department's Accounting Officer has presented a formal objection (based on grounds of regularity, propriety, value for money or feasibility) to the proposed action of a minister, and the minister overrules that advice. If a direction is given, the Accounting Officer will no longer be challenged by the Public Accounts Committee as to why they took forward the policy. During 2020-21 there were no instances of a ministerial direction.

## **CONFLICTS OF INTEREST POLICY AND PROCEDURE**

All members of DB, ARC and EB are required to declare any personal or business interest which may, or may be reasonably perceived (by a member of the public), to influence their judgement in performing their functions and obligations. Where a Board member declares a potential conflict at meetings, it is recorded in the minutes and the Board member takes no part in the meeting for the duration of that item of discussion.

## **ACCOUNTING OFFICER SYSTEM STATEMENT**

The department's Accounting Officer System Statement (AOSS) is available at <https://www.gov.uk/government/publications/dcms-accounting-officer-system-statement>. This statement sets out all of the accountability relationships and processes within the departmental group, including relationships with DCMS public bodies and other delivery partners.

## INTERNAL AUDIT ANNUAL REPORT

Every year, GIAA works with the department's senior managers to plan an annual programme of assurance work, supporting the effective identification and management of key risks across the organisation. GIAA's audit reports and fieldwork from each year then inform the Group Chief Internal Auditor's independent annual opinion. The annual opinion provides the Accounting Officer with independent assurance regarding the adequacy and effectiveness of risk management, control and governance at DCMS during the last financial year.

In his Annual Report and Opinion, the Group Chief Internal Auditor (GCIA) provided an overall Moderate assurance regarding the adequacy and effectiveness of the Department's system of internal control over the course of 2020-21. This was an improved level of assurance to the "Limited" opinion provided in the previous year, reflecting the positive direction of travel to improve and embed the governance, risk management and internal control environment in DCMS.

The GCIA outlined to the department that there continued to be further work required to deliver and embed improvements (for example, around risk management, ALB governance and some aspects of propriety). The GIAA were reassured that there was a mature Transformation Programme to lead and oversee the implementation of the required changes. GIAA will continue to engage in future audits to assess the strengthening of governance, risk management and the internal systems of control.

The 2021-22 programme of assurance activity will examine the on-going resilience, effectiveness and (especially) adequacy of the various corporate and operational changes currently under way to improve the consistency and coordination of the Department's operations and the effectiveness of its control activities.

## NATIONAL AUDIT OFFICE REPORTS

The department's work was the subject of a number of NAO reports in 2020-21, summarised below.

- **Improving Broadband.** This report considers what the Superfast Broadband Programme has delivered and the lessons for the government's roll-out of nationwide gigabit broadband.

- **The BBC's strategic financial management.** This report assesses how the BBC has positioned itself to respond to financial and strategic challenges and opportunities.
- **Investigation into the Culture Recovery Fund.** This investigation examines the £1.57 billion Culture Recovery Fund announced in July 2020.
- **Investigation into government funding to charities during the COVID-19 pandemic.** This investigation explores government's funding to charities during the COVID-19 pandemic.

The Parliamentary Accounts Committee has held hearings on all of these reports, which can be accessed [here](#).

**All DCMS related NAO reports can be accessed [here](#).**

## ACCOUNTING OFFICER'S CONCLUSION

I have considered the evidence provided regarding the production of the annual governance statement - including from the department's governance structures, reviews of our public bodies and the independent advice provided by the audit and risk committee. I conclude that the department has satisfactory governance and risk management systems in place with effective plans to ensure continuous improvement.

# Remuneration report

## Core department only

This annual remuneration report is prepared with reference to guidance contained in the annual Employer Pension Notice (EPN 626) issued by Civil Service Pensions (MyCSP) on 31 March 2021. ALBs provide equivalent information in their own accounts where required to do so.

### Remuneration policy

The Prime Minister, following independent advice from the Senior Salaries Review Body, sets the remuneration arrangements for senior civil servants.

The review body also advises the Prime Minister from time to time on the pay and pensions of members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In reaching its recommendations, the Review Body is to have regard to the following considerations:

- the need to recruit, retain and motivate and, where relevant, promote suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's departmental expenditure limits; and
- the government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the Review Body can be found at: <https://www.gov.uk/government/organisations/review-body-on-senior-salaries/about>

### Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit, on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at: <https://civilservicecommission.independent.gov.uk/>



## Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the ministers and most senior management of the Department.

### Remuneration (salary, benefits in kind and pensions – subject to audit)

#### Single total figure of remuneration

| Ministers   | Salary (£)          |                     | Benefits in kind<br>(to nearest £100) |         | Pension benefits<br>(to nearest £1000) <sup>1</sup> |         | Total<br>(to nearest £1000) <sup>2</sup> |         |
|---|---------------------|---------------------|---------------------------------------|---------|---|---------|--|---------|
|   | 2020-21             | 2019-20             | 2020-21                               | 2019-20 | 2020-21   | 2019-20 | 2020-21                                  | 2019-20 |
| The Rt Hon Oliver Dowden CBE MP,<br>Secretary of State for Digital, Culture, Media<br>and Sport | 67,505              | 8,719 <sup>3</sup>  | -                                     | -       | 17,000  | 3,000   | 84,000                                   | 11,000  |
| Caroline Dinenage MP, Minister of State for<br>Digital and Culture                              | 31,680              | 4,092 <sup>4</sup>  | -                                     | -       | 8,000   | 1,000   | 39,000                                   | 6,000   |
| The Rt Hon John Whittingdale OBE MP,<br>Minister of State for Media and Data                    | 31,680              | 4,092 <sup>4</sup>  | -                                     | -       | 8,000   | 1,000   | 39,000                                   | 6,000   |
| Baroness Barran MBE, Minister for Civil<br>Society and DCMS                                     | 12,122 <sup>5</sup> | - <sup>6</sup>      | -                                     | -       | -   | -       | 12,000                                   | -       |
| Nigel Huddleston MP, Minister for Sport,<br>Tourism and Heritage <sup>7</sup>                   | -                   | -                   | -                                     | -       | -   | -       | -  | -       |
| Matt Warman MP, Minister for Digital<br>Infrastructure  | 22,375              | 15,240 <sup>8</sup> | -                                     | -       | 5,000   | 4,000   | 28,000                                   | 19,000  |

1 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

2 The total remuneration has been calculated by adding the actual remuneration and expressing this figure to the nearest £1,000. Due to rounding the total may not exactly reflect the declared values in the components of the remuneration, such as salary and pension benefits.

3 The full year equivalent was £67,505.

4 The full year equivalent was £31,680.

5 Baroness Barran received a Lords office-holders allowance from 1 May 2020 to 1 September 2020. The full-year equivalent is £36,366.

6 In 2019-20, Baroness Barran undertook her role as an unpaid minister.

7 Nigel Huddleston undertakes his role as an unpaid Minister.

8 The full year equivalent was £22,375.

The following tables disclose the remuneration of the departmental Executives.

### Single total figure of remuneration

| Executives  | Salary (£'000)        |                       | Bonus payments (£'000) |         | Benefits in kind (to nearest £100) |         | Pension benefits (to nearest £1000) <sup>9</sup> |         | Total (£'000) <sup>2</sup> |         |
|---|-----------------------|-----------------------|------------------------|---------|------------------------------------|---------|--|---------|----------------------------|---------|
|   | 2020-21               | 2019-20               | 2020-21                | 2019-20 | 2020-21                            | 2019-20 | 2020-21  | 2019-20 | 2020-21                    | 2019-20 |
| Sarah Healey CB, Permanent Secretary and Accounting Officer   | 165-170               | 150-55 <sup>10</sup>  | 15-20                  | -       | -                                  | -       | 84,000   | 190,000 | 265-270                    | 340-345 |
| Ruth Hannant, Director General for Culture, Sport and Civil Society from 1 March 2021   | 5-10 <sup>11</sup>    | -                     | -                      | -       | -                                  | -       | 4,000  | -       | 10-15                      | -       |
| Sam Lister, Director General for Strategy and Operations  | 135-140               | 75-80 <sup>12</sup>   | 0-5                    | -       | -                                  | -       | 54,000   | 31,000  | 195-200                    | 110-115 |
| Polly Payne, Director General for Culture, Sport and Civil Society from 1 March 2021  | 5-10 <sup>13</sup>    | -                     | -                      | -       | -                                  | -       | 4,000  | -       | 10-15                      | -       |
| Susannah Storey, Director General for Digital and Media   | 120-125 <sup>14</sup> | 65-70 <sup>15</sup>   | 10-15                  | -       | -                                  | -       | 48,000   | 26,000  | 185-190                    | 90-95   |
| Nico Heslop, Director Corporate Strategy  | 95-100                | 45-50 <sup>16</sup>   | 0-5                    | -       | -                                  | -       | 39,000   | 18,000  | 140-145                    | 60-65   |
| Jacinda Humphry, Finance and Commercial Director  | 105-110               | 40-45 <sup>17</sup>   | -                      | -       | -                                  | -       | 6,000  | 14,000  | 110-115                    | 55-60   |
| Sarah Tebbutt, Director, People and Workplace from 1 February 2021  | 20-25 <sup>18</sup>   | -                     | -                      | -       | -                                  | -       | 10,000   | -       | 30-35                      | -       |
| Helen Judge, Director General for Performance and Strategy to 15 November 2020  | 65-70 <sup>19</sup>   | 120-125 <sup>20</sup> | -                      | -       | -                                  | -       | 27,000   | 45,000  | 95-100                     | 165-170 |
| Scott McPherson, Director General for Volunteering and Civil Society to 9 July 2020   | - <sup>21</sup>       | - <sup>22</sup>       | -                      | -       | -                                  | -       | -  | -       | -                          | -       |
| Emma Squire, Director on temporary promotion to Interim Director General for Culture, Sport and Civil Society from 2 November 2020 to 28 March 2021 | 45-50 <sup>23</sup>   | -                     | -                      | -       | -                                  | -       | 49,000   | -       | 95-100                     | -       |
| Kate Caulkin, Deputy Director on temporary promotion to Director for People and Workplace to 31 March 2021  | 90-95                 | 20-25 <sup>24</sup>   | 0-5                    | -       | -                                  | -       | 82,000   | 27,000  | 175-180                    | 45-50   |
| Ed Cliff, Deputy Director on temporary promotion to Interim Finance and Commercial Director from 7 December 2020 to 31 January 2021                 | 15-20 <sup>25</sup>   | -                     | -                      | -       | -                                  | -       | 18,000   | -       | 30-35                      | -       |

9 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

10 The full-time equivalent salary was £160-165k.

11 Ruth Hannant works in a job share part time (0.7 FTE). The full-time equivalent salary is £130-135k.

12 The full-time equivalent salary was £130-135k.

13 Polly Payne works in a job share part time (0.7 FTE). The full-time equivalent salary is £130-135k.

14 Susannah Storey works part-time (0.9 FTE). The full-time equivalent salary is £135-140k.

15 Susannah Storey works part-time (0.8 FTE). The full-time equivalent salary was £130-135k.

16 The full-time equivalent salary was £90-95k.

17 The full-time equivalent salary was £105-110k.

18 The full-time equivalent salary is £120-125k.

19 Concluded parental leave on 17 May 2020, and moved to part-time (0.8 FTE) from 1 July 2020. The full-time equivalent salary was £125-130k.

20 Started parental leave on 22 July 2019. The full-time equivalent salary was £120-125k.

21 Scott McPherson was remunerated by the Home Office for the period 31 March 2020 to 9 July 2020.

22 Scott McPherson was remunerated by the Home Office for the period 17 March 2020 to 31 March 2020.

23 Emma Squire was temporarily promoted to Interim Director General for Culture, Sport and Civil. The full-time equivalent was £120-125k.

24 The full-time equivalent salary was £90-95k.

25 Ed Cliff was temporarily promoted to the role of Interim Finance and Commercial Director in Jacinda Humphry's absence. The full-time equivalent salary was £90-95k.

## Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts. In respect of ministers in the House of Commons, departments bear only the cost of the additional ministerial remuneration; the salary for their services as an MP (£81,932 from 1 April 2020) and various allowances to which they are entitled are borne centrally. However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

### Non-consolidated performance related pay awards (Bonuses)

The performance management and reward policy for members of the Senior Civil Service (SCS), including board members, is managed within a central framework set by the Cabinet Office. Prior to 2019, the framework capped the number of SCS eligible for a non-consolidated performance related award to 25% of the total number of SCS in the Department. This cap was lifted in 2019 and no limit was applied.

SCS non-consolidated pay is agreed each year following Senior Salaries Review Body recommendations, and is expressed as a percentage of the Department's total base pay for the SCS. The DCMS Senior Pay Committee is responsible for assessing the relative contribution of individual SCS members and making the final pay decisions. Non-consolidated performance pay is awarded in arrears.

The non-consolidated performance pay included in the 2020-21 figures in the above table relate to awards made in respect of the 2019-20 performance year but paid in the financial year 2020-21. Similarly, the comparable bonuses reported for 2019-20 relate to performance in 2018-19.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HMRC as a taxable emolument. No minister has received living accommodation provided at public expense and chargeable to tax under s163 of the Income and Corporation Taxes Act 1988.

### Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in DCMS in the financial year 2020-21 was £180-185,000 (2019-20: £160-165,000). This was 3.53 times (2019-20: 3.55) the median remuneration of the workforce, which was £51,729 (2019-20: £45,722).

In 2020-21, zero (2019-20: one) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £22,375 to £185,000<sup>26</sup> (2019-20: £21,117 to £195,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

|  | 2020-21 | 2019-20 |
|--|---------|---------|
| Band of highest paid Director's total remuneration (£'000) | 180-185 | 160-165 |
| Median total actual remuneration (FTE) (£)                 | 51,729  | 45,722  |
| Ratio  | 3.53    | 3.55    |

The 0.02 decrease in the ratio from 2019-20 to 2020-21 can be explained by the fact that there is a slightly higher proportion of staff in higher grades in 20-21 than there were in 19-20 (52.6% of staff were grade A and above in 2020-21 compared to 51.0% in 2019-20).

<sup>26</sup> The highest paid director in DCMS was awarded non-consolidated payment bringing remuneration to £185,000.

## Non-executive board members

| Non-executive board member  | Remuneration and full year equivalent (£'000) |                   |
|---|---|-------------------|
|   | 2020-21                                       | 2019-20           |
| Charles Alexander, Lead Non-Executive Board Member                          | 20-25   | 20-25             |
| Baroness Laura Wyld, Non-Executive Board Member from 15 June 2020           | 10-15   | -                 |
| Hemant Patel, Non-Executive Board Member and Audit and Risk Committee Chair | 20-25   | 0-5 <sup>27</sup> |
| Sherry Coutu, Non-Executive Board Member                                    | 15-20   | 15-20             |
| Matthew Campbell-Hill, Non-Executive Board Member to 16 July 2020           | 0-5 <sup>28</sup>                             | 15-20             |
| Neil Mendoza, Non-Executive Board Member to 2 June 2020                     | 0-5 <sup>29</sup>                             | 15-20             |

## Pension benefits – ministers (subject to audit)

| Minister  | Accrued pension at age 65 as at 31 March 2021 (£'000) | Real increase in pension at age 65 (£'000) | CETV at 31 March 2021 (£'000) | CETV at 31 March 2020 (£'000) | Real increase in CETV (£'000) |
|---|---|--|-------------------------------|-------------------------------|-------------------------------|
| The Rt Hon Oliver Dowden CBE MP, Secretary of State for Digital, Culture, Media and Sport | 2   | 1  | 24                            | 11                            | 5                             |
| Caroline Dinenage MP, Minister of State for Digital and Culture                           | 3   | 1  | 38                            | 30                            | 4                             |
| The Rt Hon John Whittingdale OBE MP, Minister of State for Media and Data                 | 6   | 1  | 101                           | 89                            | 6                             |
| Baroness Barran MBE, Minister for Civil Society and DCMS <sup>30</sup>                    | -   | -  | -                             | -                             | -                             |
| Nigel Huddleston MP, Minister for Sport, Tourism and Heritage <sup>31</sup>               | -   | -  | -                             | -                             | -                             |
| Matt Warman MP, Minister for Digital Infrastructure                                       | 1   | -  | 6                             | 3                             | 1                             |

<sup>27</sup> The full year equivalent was £20-25k.

<sup>28</sup> The full year equivalent is £15-20k.

<sup>29</sup> The full year equivalent is £15-20k.

<sup>30</sup> Baroness Barran received a non-pensionable Lords office-holders Allowance from 1 May 2020 to 1 September 2020.

<sup>31</sup> Nigel Huddleston undertook his role as an unpaid Minister.



## **Ministerial pensions**

Pension benefits for ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the Ministers' etc. Pension Scheme 2015, available at:

<http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

Those ministers who are Members of Parliament may also accrue a MP's pension under the PCPF (details of which are not included in this report). A new MP's pension scheme was introduced from May 2015, although members who were aged 55 or older on 1 April 2013 have transitional protection to remain in the previous final salary pension scheme.

Benefits for ministers are payable from State Pension age under the 2015 scheme. Pensions are re-valued annually in line with Pensions Increase legislation both before and after retirement. The contribution rate from May 2015 is 11.1% and the accrual rate is 1.775% of pensionable earnings.

The figure shown for pension value includes the total pension payable to the member under both the pre and post 2015 Ministerial pension schemes.

### **The cash equivalent transfer value (CETV)**

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total Ministerial service, not just their current appointment as a minister. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by the Minister. It is worked out using common market valuation factors for the start and end of the period.

## Pension benefits – officials (subject to audit)

| Executives  | Accrued pension at pension age as at 31 March 2021 and related lump sum (£'000) | Real increase in pension and related lump sum as at pension age (£'000) | CETV at 31 March 2021 (£'000) | CETV at 31 March 2020 (£'000) | Real increase in CETV (£'000) | Employer contribution to partnership pension account (nearest £100) |
|---|---|---|-------------------------------|-------------------------------|-------------------------------|---|
| Sarah Healey CB, Permanent Secretary and Accounting Officer   | 40-45 plus a lump sum of 75-80  | 2.5-5 plus a lump sum of 2.5 - 5  | 648                           | 573                           | 44                            | -   |
| Ruth Hannant, Director General for Culture, Sport and Civil Society from 1 March 2021   | 35-40 plus a lump sum of 75-80  | 0-2.5 plus a lump sum of 0-2.5  | 572                           | 570                           | 2                             | -   |
| Sam Lister, Director General for Strategy and Operations  | 25-30   | 2.5-5   | 317                           | 271                           | 25                            | -   |
| Polly Payne, Director General for Culture, Sport and Civil Society from 1 March 2021  | 30-35 plus a lump sum of 60-65  | 0-2.5 plus a lump sum of 0-2.5  | 537                           | 534                           | 2                             | -   |
| Susannah Storey, Director General for Digital and Media   | 30-35   | 2.5-5   | 374                           | 329                           | 24                            | -   |
| Nico Heslop, Director Corporate Strategy  | 15-20   | 0-2.5   | 168                           | 143                           | 13                            | -   |
| Jacinda Humphry, Finance and Commercial Director  | 40-45 plus a lump sum of 85-90  | 0-2.5 plus a lump sum of 0  | 816                           | 793 <sup>32</sup>             | 9                             | -   |
| Sarah Tebbutt, Director, People and Workplace from 1 February 2021  | 45-50 plus a lump sum of 85-90  | 0-2.5 plus a lump sum of 0-2.5  | 815                           | 807                           | 6                             | -   |
| Helen Judge, Director General for Performance and Strategy to 15 November 2020  | 35-40 plus a lump sum of 60-65  | 0-2.5 plus a lump sum of 0-2.5  | 619                           | 597                           | 16                            | -   |
| Scott McPherson, Director General for Volunteering and Civil Society to 9 July 2020   | -   | -   | -                             | -                             | -                             | -   |
| Emma Squire, Director on temporary promotion to Interim Director General for Culture, Sport and Civil Society from 2 November 2020 to 28 March 2021 | 30-35   | 2.5-5   | 372                           | 340                           | 28                            | -   |
| Kate Caulkin, Deputy Director on temporary promotion to Director for People and Workplace to 31 March 2021  | 35-40 plus a lump sum of 80-85  | 2.5 – 5 plus a lump sum of 5 -7.5                                       | 599                           | 524 <sup>33</sup>             | 53                            | -   |
| Ed Cliff, Deputy Director on temporary promotion to Interim Finance and Commercial Director from 7 December 2020 to 31 January 2021                 | 25-30   | 0-2.5   | 299                           | 288                           | 10                            | -   |

<sup>32</sup> Re-stated to include CETV adjustments.

<sup>33</sup> Re-stated to include CETV adjustments.

## Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below).

All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the appointed provider - Legal & General. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

### **The cash equivalent transfer value (CETV)**

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### **The real increase in the value of the CETV**

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

### **Compensation for loss of office**

No executives left under agreed terms or were paid compensation for loss of office in 2020-21 (2019-20 – none).

### **Ministers**

No ministers left in 2020-21.

### **Special advisers**

No special advisers left in 2020-21.

Special Advisers are temporary civil servants. In order to improve efficiency, the administration of staff costs for all Special Advisers across government was moved to the Cabinet Office in July 2019, with the corresponding budget cover transfers. Special Advisers remain employed by the respective Departments of their appointing Minister.



## Staff report

The staff report provides required disclosures on staff activity, staff numbers and expenditure.

### The number of core department senior civil servants by £5,000 paybands:

| Payband           | Number of Staff (SCS) |               |
|-------------------|-----------------------|---------------|
|                   | Headcount             |               |
|                   | 31 March 2021         | 31 March 2020 |
| £60,000-£64,999   | 1                     | 0             |
| £65,000-£69,999   | 0                     | 0             |
| £70,000-£74,999   | 49                    | 45            |
| £75,000-£79,999   | 19                    | 11            |
| £80,000-£84,999   | 10                    | 7             |
| £85,000-£89,999   | 6                     | 2             |
| £90,000-£94,999   | 3                     | 12            |
| £95,000-£99,999   | 12                    | 3             |
| £100,000-£104,999 | 3                     | 2             |
| £105,000-£109,999 | 5                     | 1             |
| £110,000-£114,999 | 3                     | 1             |
| £115,000-£119,999 | 1                     | 2             |
| £120,000-£124,999 | 2                     | 3             |
| £125,000-£129,999 | 0                     | 0             |
| £130,000-£134,999 | 2                     | 2             |
| £135,000-£139,999 | 2                     | 0             |
| £140,000-£144,999 | 1                     | 0             |
| £145,000-£149,999 | 1                     | 1             |
| £150,000-£154,999 | 0                     | 0             |
| £155,000-£159,999 | 1                     | 0             |
| £160,000-£164,999 | 0                     | 1             |
| £165,000-£169,999 | 1                     | 0             |
| <b>Total</b>      | <b>122</b>            | <b>93</b>     |

## Number of core department civil service staff (or equivalent but excluding contract and agency staff) by band

The grading structure of the Department based on full-time equivalent (FTE) staff in post:

| Grade                           | FTE payroll staff at 31 March 2021 | FTE payroll staff at 31 March 2020 |
|---------------------------------|------------------------------------|------------------------------------|
| Permanent Secretary             | 1.0                                | 1.0                                |
| Senior Civil Service pay band 3 | 4.3                                | 2.8                                |
| Senior Civil Service pay band 2 | 25.4                               | 20.6                               |
| Senior Civil Service pay band 1 | 89.1                               | 64.9                               |
| Grade A (Upper) (Grade 6)       | 200.0                              | 153.7                              |
| Grade A (Grade 7)               | 611.2                              | 421.4                              |
| Grade B (HEO/SEO)               | 654.2                              | 481.1                              |
| Grade C (EO)                    | 177.4                              | 153.3                              |
| Grade D (AO/AA)                 | 8.4                                | 5.0                                |
| <b>Total</b>                    | <b>1,771.0</b>                     | <b>1,303.8</b>                     |

### Staff loans

In order to deal with the staffing needs of EU exit or COVID-19, the Department redeployed 237 staff within the Department (EU Exit: 111, COVID-19: 126) and utilised 42 staff loaned from other government departments (EU Exit: 17, COVID-19: 25).

In line with guidance on short secondments the Department covered the costs of salaries. The total cost to the Department was £1,551,182<sup>34</sup> (EU Exit: £599,982, COVID-19: £951,200).

### Number of Loans in for EU Exit and COVID-19 work

The grading structure of the loans in to DCMS for EU Exit and COVID-19 Work:

| Grade                           | EU Exit   | COVID-19  |
|---------------------------------|-----------|-----------|
| Senior Civil Service pay band 3 | 0         | 0         |
| Senior Civil Service pay band 2 | 0         | 1         |
| Senior Civil Service pay band 1 | 0         | 2         |
| Grade A (Upper) (Grade 6)       | 3         | 5         |
| Grade A (Grade 7)               | 8         | 9         |
| Grade B (HEO/SEO)               | 6         | 8         |
| Grade C (EO)                    | 0         | 0         |
| Grade D (AO/AA)                 | 0         | 0         |
| <b>Total</b>                    | <b>17</b> | <b>25</b> |

<sup>34</sup> Salary costs only.

## DCMS group staff numbers and related costs (subject to audit)

| Staff costs comprise:                              |                            |               |                           |            |                  | 2020-21          | 2019-20          |
|--|----------------------------|---------------|---------------------------|------------|------------------|------------------|------------------|
|  | Permanently employed staff | Others        | Contract and agency staff | Ministers  | Special advisors | Total            | Total            |
|  | £'000                      | £'000         | £'000                     | £'000      | £'000            | £'000            | £'000            |
| Wages & salaries                                   | 1,534,021                  | 11,982        | 32,509                    | 165        | -                | 1,578,677        | 1,534,597        |
| Social security costs                              | 173,626                    | 831           | -                         | 18         | -                | 174,475          | 173,078          |
| Pension costs                                      | 548,810                    | 107           | -                         | -          | -                | 548,917          | 428,646          |
| <b>Total costs</b>                                 | <b>2,256,457</b>           | <b>12,920</b> | <b>32,509</b>             | <b>183</b> | <b>-</b>         | <b>2,302,069</b> | <b>2,136,321</b> |
| Less: Recoveries in respect of outward secondments | (1,229)                    | -             | -                         | -          | -                | (1,229)          | (1,465)          |
| <b>Total net costs</b>                             | <b>2,255,228</b>           | <b>12,920</b> | <b>32,509</b>             | <b>183</b> | <b>-</b>         | <b>2,300,840</b> | <b>2,134,856</b> |
| Of which:  |                            |               |                           |            |                  |                  |                  |
| Core department                                    | 100,061                    | 3,018         | 12,592                    | 183        | -                | 115,854          | 87,094           |
| Arm's length bodies                                | 2,155,167                  | 9,902         | 19,917                    | -          | -                | 2,184,986        | 2,047,762        |
| <b>Total net costs</b>                             | <b>2,255,228</b>           | <b>12,920</b> | <b>32,509</b>             | <b>183</b> | <b>-</b>         | <b>2,300,840</b> | <b>2,134,856</b> |

Included in total staff costs above are notional costs of £256k (2019-20: £256k) in respect of the salary, social security and pension costs of the Information Commissioner which are paid directly from the Consolidated Fund.

The pension attributable to the BBC PSB Group cannot be separately identified from the wider BBC group pension. The pension costs included above include the pension costs for the entire BBC group (see note 1.3) and therefore inflate the group's staff costs.

In addition to staff costs above, £7,305k (2019-20: £6,926k) was charged to capital.

Staff costs include an accrual for holiday pay in accordance with IAS 19 *Employee Benefits*.

### *Principal Civil Service Pension Scheme (PCSPS)*

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “Alpha” – are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2020-21, employers' contributions of £19,116k for the core department were payable to the PCSPS (2019-20: £15,016k) at one of four rates in the range 26.6% to 30.3% (2019-20: 26.6% to 30.3%) of pensionable earnings, based on salary bands. Group employers' contributions of £92,551k (2019-20: £88,786k) were payable to the PCSPS at rates in the range of 26.6% to 30.3% (2019-20: 20.0% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions by the core department were £117k (2019-20: £113k) and by the group were £3,245k (2019-20: £3,065k). These contributions were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% for the core department and 3% to 17.8% for the Group. Employers also match employee contributions up to 3% of pensionable earnings.

In addition, employer contributions of £5k (2019-20: £4k) for the core department, £156k (2019-20: £158k) for the group representing 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £12k (2019-20: £10k) for the core department. Contributions prepaid at that date were £nil (2019-20: £nil) for the core department.

For the core department, nil (2019-20: two), individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2019-20: £nil) for the core department. For the group one, (2019-20: five) individuals retired early on ill-health grounds.

### Other pension schemes

Employer contributions to other pension schemes by the group in the year amounted to £256,377k (2019-20: £166,406k) (note 22). A list of these bodies is provided in note 28.

### Average number of persons employed (subject to audit)

The average number of full-time equivalent persons employed during the year was as follows:

|                                   | 2020-21                    |            |                           |           |                  |               | 2019-20       |
|-----------------------------------|----------------------------|------------|---------------------------|-----------|------------------|---------------|---------------|
|                                   | Permanently employed staff | Others     | Contract and agency staff | Ministers | Special advisors | Total         | Total         |
| Staff employed                    | 34,333                     | 240        | 818                       | 6         | 2                | 35,399        | 34,961        |
| Staff engaged on capital projects | 180                        | -          | -                         | -         | -                | 180           | 220           |
| <b>Total</b>                      | <b>34,513</b>              | <b>240</b> | <b>818</b>                | <b>6</b>  | <b>2</b>         | <b>35,579</b> | <b>35,181</b> |
| Of which:                         |                            |            |                           |           |                  |               |               |
| Core department                   | 1,431                      | 30         | 86                        | 6         | 2                | 1,555         | 1,282         |
| Arm's length bodies*              | 33,082                     | 210        | 732                       | -         | -                | 34,024        | 33,899        |
| <b>Total</b>                      | <b>34,513</b>              | <b>240</b> | <b>818</b>                | <b>6</b>  | <b>2</b>         | <b>35,579</b> | <b>35,181</b> |

\*The total number of staff employed at the BBC PSB Group is 18,977 (2019-20: 19,572).

The BBC PSB Group is included above within ALBs.

### Staff receivables

As at 31 March 2021, 1,347 employees (31 March 2020: 3,173 employees) of the group were in receipt of advances of travel, housing or other loans which are repayable to the employer of £1,168k (31 March 2020: £4,757k).

### Sickness absence data

Average working days lost = **2.2**

The average working days lost for sickness absence decreased from 3.6 in 2019-20. This remains significantly below the Civil Service average for average working days lost 7.1 at June 2020.



## Expenditure on consultancy

For expenditure on consultancy, refer to note 4.3.

## Staff composition

The number of civil service staff (excluding agency and contractors) expressed as both headcount and full-time equivalent of the core department, split between male and female as at 31 March 2021:

| Grade                      | Headcount  |            |              | FTE          |              |                |
|----------------------------|------------|------------|--------------|--------------|--------------|----------------|
|                            | Female     | Male       | Total        | Female       | Male         | Total          |
| Exec Team <sup>35</sup>    | 7          | 2          | 9            | 6.3          | 2.0          | 8.3            |
| Other SCS                  | 60         | 55         | 115          | 56.5         | 54.0         | 110.5          |
| Grade A (Upper) (Grade 6)  | 102        | 102        | 204          | 98.4         | 101.6        | 200.0          |
| Grade A (Grade 7)          | 322        | 302        | 624          | 309.9        | 301.3        | 611.2          |
| Grade B (HEO/SEO)          | 351        | 309        | 660          | 345.9        | 305.3        | 651.2          |
| Grade C (EO)               | 125        | 57         | 182          | 120.8        | 56.6         | 177.4          |
| Grade D (AO/AA)            | 3          | 6          | 9            | 3.0          | 5.4          | 8.4            |
| <b>Total</b>               | <b>970</b> | <b>833</b> | <b>1,803</b> | <b>940.8</b> | <b>826.2</b> | <b>1,767.0</b> |
| <b>Percentage of staff</b> |            |            |              | <b>53%</b>   | <b>47%</b>   | <b>100%</b>    |

## Staff turnover percentage<sup>36</sup> (per Cabinet Office guidance)

The average turnover for 2020-21 was **7.04%**

The average departmental turnover for 2020-21 was **17.38%**

## Furlough income and COVID-19 Statutory Sick Pay

Please see note 5.1 of the financial statements for relevant disclosures.

<sup>35</sup> Includes Kate Caulkin, whose last day at DCMS was 31 March 2021.

<sup>36</sup> Average turnover percentage figure relates to staff leaving the Civil Service upon departure from DCMS. Average departmental turnover includes data for all staff leaving DCMS.

## Reporting of Civil Service and other compensation schemes – exit packages (subject to audit)

| Exit package cost band                            | 2020-21                           |                                   |  |                                   |                                   |  |
|---|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
|   | Core department                   |                                   |  | Departmental group                |                                   |  |
|   | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| Less than £10,000                                 | -                                 | -                                 | -  | 42                                | 169                               | 211  |
| £10,000 - £25,000                                 | -                                 | -                                 | -  | 18                                | 269                               | 287  |
| £25,000 - £50,000                                 | -                                 | -                                 | -  | 10                                | 284                               | 294  |
| £50,000 - £100,000                                | -                                 | -                                 | -  | 3                                 | 484                               | 487  |
| £100,000 - £150,000                               | -                                 | -                                 | -  | -                                 | 193                               | 193  |
| £150,000 - £200,000                               | -                                 | -                                 | -  | -                                 | 2                                 | 2  |
| More than £200,000                                | -                                 | -                                 | -  | 1                                 | -                                 | 1  |
| <b>Total number of exit packages</b>              | -                                 | -                                 | -  | <b>74</b>                         | <b>1,401</b>                      | <b>1,475</b>                               |
| <b>Total cost (£'000)</b>                         | -                                 | -                                 | -  | <b>1,274</b>                      | <b>75,939</b>                     | <b>77,213</b>                              |
| <b>Total exit costs paid in year - cash basis</b> |                                   |                                   |  |                                   |                                   | <b>72,926</b>                              |

Included above are 992 other departures with a cost of £66,958k relating to the BBC PSB Group.

| Exit package cost band                            | 2019-20                           |                                   |  |                                   |                                   |  |
|---|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------------------|--|
|   | Core Department                   |                                   |  | Departmental Group                |                                   |  |
|   | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band |
| Less than £10,000                                 | -                                 | -                                 | -  | 43                                | 107                               | 150  |
| £10,000 - £25,000                                 | -                                 | 4                                 | 4  | 14                                | 125                               | 139  |
| £25,000 - £50,000                                 | -                                 | 1                                 | 1  | 3                                 | 116                               | 119  |
| £50,000 - £100,000                                | -                                 | -                                 | -  | 2                                 | 151                               | 153  |
| £100,000 - £150,000                               | -                                 | -                                 | -  | -                                 | 78                                | 78   |
| £150,000 - £200,000                               | -                                 | -                                 | -  | -                                 | -                                 | -  |
| More than £200,000                                | -                                 | -                                 | -  | -                                 | -                                 | -  |
| <b>Total number of exit packages</b>              | -                                 | <b>5</b>                          | <b>5</b>                                   | <b>62</b>                         | <b>577</b>                        | <b>639</b>                                 |
| <b>Total cost (£'000)</b>                         | -                                 | <b>99</b>                         | <b>99</b>                                  | <b>682</b>                        | <b>28,020</b>                     | <b>28,702</b>                              |
| <b>Total exit costs paid in year - cash basis</b> |                                   |                                   |  |                                   |                                   | <b>27,266</b>                              |

Included above are 291 other departures with a cost of £20,860k relating to the BBC PSB Group.

### Civil Service Compensation Scheme

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the group has agreed early retirements, the additional costs are met by the group and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

### Other schemes

Some of the ALBs operate other schemes which are not listed in Schedule I to the Superannuation Act 1972 and may therefore apply different statutory compensation schemes. Full details can be obtained from the individual published accounts of the ALBs.

### Off-payroll arrangements

Information about off-payroll arrangements in DCMS can be found on page 58.

# Parliamentary accountability and audit report

The Parliamentary accountability and audit report brings together the key Parliamentary accountability documents within the annual report and accounts.

## Statement of Outturn against Parliamentary Supply (SOPS)

In addition to the Primary Statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires DCMS to prepare a Statement of Outturn against Parliamentary Supply (SOPS) and supporting notes to show resource and capital outturn against the Supply Estimate presented to Parliament, in respect of each budgetary control limit.

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The SOPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SOPS mirrors the Supply Estimates, published on [www.gov.uk](http://www.gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SOPS contains a summary table, detailing performance against the control limits that Parliament has voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following:

- Outturn by Estimate line, providing a more detailed breakdown (SOPS 1);
- a reconciliation of outturn to net operating expenditure in the SoCNE, to tie the SOPS to the financial statements (SOPS 2);
- a reconciliation of outturn to net cash requirement (SOPS 3); and
- an analysis of income payable to the Consolidated Fund (SOPS 4).

The SOPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An understanding of the budgeting framework and an explanation of the key terms is provided in the Financial Review section of the Accountability Report. Further information on the Public Spending Framework and the reasons why the budgeting rules are different to IFRS can also be found in chapter 1 of the Consolidated Budgeting Guidance, available on [www.gov.uk](http://www.gov.uk).

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Statement of Outturn against Parliamentary Supply commentary provides a summarised discussion of outturn against estimate.

## **Administration and Programme Expenditure and Income**

The classification of expenditure and income as administration or as programme follows the definitions set out in the Consolidated Budgeting Guidance issued by HM Treasury. Under the HM Treasury *Simplifying and Streamlining Accounts* project, this split is no longer required in the primary statements.

Administration expenditure reflects the costs of running the Department and those ALBs allocated an administration budget in the Spending Round. Some categories of ALBs do not have an administration budget allocation, and they therefore report only programme costs. Programme costs reflect non-administration expenditure, and include payments of grants and expenditure on ALBs objectives.

### **Charity Income - donations**

In the financial accounts, donations of assets and cash (that has been expressly given to purchase an asset) are recognised as income (note 5.2), but treated as net capital expenditure in the SOPS.

### **Lottery Income**

With HM Treasury agreement and in line with the Supplementary Estimate, the SOPS do not include lottery income. The government's hypothecated income from the National Lottery is reported separately in the National Lottery Distribution Fund, and is not included in budgets. Consequently, non-voted lottery expenditure is stated gross of lottery income in the SOPS.

### **BBC Contribution to Broadband**

In the prior year, the BBC PSB Group paid £10.0m to the core department towards Broadband. However, since the core department pays these monies to the Consolidated Fund, this income is not recognised in the SOPS. The core department's associated expenditure in the Building Digital UK programme is included in the SOPS, and consequently a reconciling item arises between the SOPS and the SoCNE (see SOPS 2).

### **TV and Film Production Restart Scheme**

This scheme was established in 2020-21 to help productions across the country that have been halted or delayed by an inability to obtain insurance for COVID-19 related risks. The participating bodies paid £6.8m to the core department in respect of the Film and TV Production Restart Scheme. These payments are not retained by the core department and are subsequently paid to the Consolidated Fund, as such the income is not recognised in the SOPS. The core department's associated expenditure in the scheme is included in the SOPS, and consequently a reconciling item arises between the SOPS and the SoCNE (see SOPS 2).

### **Alignment of Income and Expenditure**

Timing differences between income and expenditure (and the associated receivable and payable) in the accounts of DCMS Arm's Length Bodies (notably between the Lottery Distributing Bodies and the recipients of lottery grants) can, and do, arise. Where these arise, to avoid income and expenditure being overstated, an adjustment is made to expenditure (and the associated payable) in the DCMS Group accounts.



## Statement of Outturn against Parliamentary Supply Summary of Resource and Capital Outturn 2020-21

| Type of spend                               | SOPS Note | 2020-21          |                  |                  | 2020-21          |                  |                   | 2020-21                                  |           |                  | 2020-21 |           |       | 2019-20 |                  |       |
|---|-----------|------------------|------------------|------------------|------------------|------------------|-------------------|--|-----------|------------------|---------|-----------|-------|---------|------------------|-------|
|   |           | Outturn          |                  |                  | Estimate         |                  |                   | Outturn vs Estimate, saving/<br>(excess) |           |                  | Outturn |           |       |         |                  |       |
|   |           | Voted            | Non-voted        | Total            | Voted            | Non-voted        | Total             | Voted                                    | Non-voted | Total            | Voted   | Non-voted | Total | Voted   | Non-voted        | Total |
| £'000                                       | £'000     | £'000            | £'000            | £'000            | £'000            | £'000            | £'000             | £'000                                    | £'000     | £'000            | £'000   | £'000     | £'000 | £'000   | £'000            |       |
| <b>Departmental Expenditure Limit (DEL)</b> |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| Resource                                    | SOPS 1.1  | 3,111,802        | -                | 3,111,802        | 3,832,686        | -                | 3,832,686         | 720,884                                  |           | 720,884          |         |           |       |         | 1,690,014        |       |
| Capital                                     | SOPS 1.2  | 935,903          | -                | 935,903          | 1,200,933        | -                | 1,200,933         | 265,030                                  |           | 265,030          |         |           |       |         | 550,695          |       |
| <b>Total DEL budget</b>                     |           | <b>4,047,705</b> | <b>-</b>         | <b>4,047,705</b> | <b>5,033,619</b> | <b>-</b>         | <b>5,033,619</b>  | <b>985,914</b>                           |           | <b>985,914</b>   |         |           |       |         | <b>2,240,709</b> |       |
|   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| <b>Annually Managed Expenditure (AME)</b>   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| Resource                                    | SOPS 1.1  | 3,655,240        | 1,097,707        | 4,752,947        | 3,972,805        | 1,263,747        | 5,236,552         | 1,263,747                                |           | 1,263,747        |         |           |       |         | 5,295,283        |       |
| Capital                                     | SOPS 1.2  | 57,701           | 220,060          | 277,761          | 449,672          | 197,022          | 646,694           | 197,022                                  |           | 197,022          |         |           |       |         | 1,326,242        |       |
| <b>Total AME budget</b>                     |           | <b>3,712,941</b> | <b>1,317,767</b> | <b>5,030,708</b> | <b>4,422,477</b> | <b>1,460,769</b> | <b>5,883,246</b>  | <b>1,460,769</b>                         |           | <b>1,460,769</b> |         |           |       |         | <b>6,621,525</b> |       |
|   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| <b>Total Budget</b>                         |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| Resource                                    | SOPS 1.1  | 6,767,042        | 1,097,707        | 7,864,749        | 7,805,491        | 1,263,747        | 9,069,238         | 1,263,747                                |           | 1,263,747        |         |           |       |         | 6,985,297        |       |
| Capital                                     | SOPS 1.2  | 993,604          | 220,060          | 1,213,664        | 1,650,605        | 197,022          | 1,847,627         | 197,022                                  |           | 197,022          |         |           |       |         | 1,876,937        |       |
| <b>Total Budget Expenditure</b>             |           | <b>7,760,646</b> | <b>1,317,767</b> | <b>9,078,413</b> | <b>9,456,096</b> | <b>1,460,769</b> | <b>10,916,865</b> | <b>1,460,769</b>                         |           | <b>1,460,769</b> |         |           |       |         | <b>8,862,234</b> |       |
|   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| <b>Non-Budget Expenditure</b>               |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| Resource                                    | SOPS 1.1  | -                | -                | -                | -                | -                | -                 | -  |           | -                |         |           |       |         | -                |       |
| Capital                                     | SOPS 1.2  | -                | -                | -                | -                | -                | -                 | -  |           | -                |         |           |       |         | -                |       |
| <b>Total non-budget</b>                     |           | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>          | <b>-</b>                                 |           | <b>-</b>         |         |           |       |         | <b>-</b>         |       |
|   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| <b>Total Budget and Non budget</b>          |           | <b>7,760,646</b> | <b>1,317,767</b> | <b>9,078,413</b> | <b>9,456,096</b> | <b>1,460,769</b> | <b>10,916,865</b> | <b>1,460,769</b>                         |           | <b>1,460,769</b> |         |           |       |         | <b>8,862,234</b> |       |
|   |           |                  |                  |                  |                  |                  |                   |  |           |                  |         |           |       |         |                  |       |
| Total Resource                              | SOPS 1.1  | 6,767,042        | 1,097,707        | 7,864,749        | 7,805,491        | 1,263,747        | 9,069,238         | 1,263,747                                |           | 1,263,747        |         |           |       |         | 6,985,297        |       |
| Total Capital                               | SOPS 1.2  | 993,604          | 220,060          | 1,213,664        | 1,650,605        | 197,022          | 1,847,627         | 197,022                                  |           | 197,022          |         |           |       |         | 1,876,937        |       |
| <b>Total</b>                                |           | <b>7,760,646</b> | <b>1,317,767</b> | <b>9,078,413</b> | <b>9,456,096</b> | <b>1,460,769</b> | <b>10,916,865</b> | <b>1,460,769</b>                         |           | <b>1,460,769</b> |         |           |       |         | <b>8,862,234</b> |       |

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on [www.gov.uk](http://www.gov.uk), for detail on the control limits voted by Parliament.

## Net Cash Requirement 2020-21

| Item                 | SOPS Note | 2020-21   |  | 2020-21   |  | 2020-21                              |  | 2019-20   |  |
|----------------------|-----------|-----------|--|-----------|--|--------------------------------------|--|-----------|--|
|                      |           | Outturn   |  | Estimate  |  | Outturn vs Estimate, saving/(excess) |  | Outturn   |  |
|                      |           | £'000     |  | £'000     |  | £'000                                |  | £'000     |  |
| Net Cash Requirement | SOPS 3    | 7,208,964 |  | 8,479,599 |  | 1,270,635                            |  | 5,465,573 |  |

## Administration Costs 2020-21

| Type of spend        | SOPS Note | 2020-21 |  | 2020-21  |  | 2020-21                              |  | 2019-20 |  |
|----------------------|-----------|---------|--|----------|--|--------------------------------------|--|---------|--|
|                      |           | Outturn |  | Estimate |  | Outturn vs Estimate, saving/(excess) |  | Outturn |  |
|                      |           | £'000   |  | £'000    |  | £'000                                |  | £'000   |  |
| Administration costs | SOPS 1.1  | 220,043 |  | 276,452  |  | 56,409                               |  | 215,252 |  |

Although not a separate voted limit, any breach of the administration budget will also result in an excess vote.

An analysis of variances between the Estimate and the Outturn is given in SOPS 1 and explanations are provided in the SOPS commentary on pages 86 to 94.

## SOPS 1. Net Outturn

### SOPS 1.1 Analysis of net resource outturn by Estimate line

| Type of spend (Resource)                                 | 2020-21          |         |         |           |          |           |        |       |       |       | 2020-21  |           | 2019-20              |       |       |                                       |          |
|--|------------------|---------|---------|-----------|----------|-----------|--------|-------|-------|-------|----------|-----------|----------------------|-------|-------|---------------------------------------|----------|
|  | Resource outturn |         |         |           |          |           |        |       |       |       | Estimate |           | Outturn              |       |       |                                       |          |
|  | Administration   |         | Net     |           | Gross    |           | Income |       | Net   |       | Total    | Virements | Total inc. virements | £'000 | £'000 | Outturn vs Estimate, saving/ (excess) | £'000    |
| Gross  | Income           | Net     | Gross   | Income    | Net      | Total     | £'000  | £'000 | £'000 | £'000 | £'000    | £'000     | £'000                | £'000 | £'000 | £'000                                 |          |
| <b>Spending in Departmental Expenditure Limit (DEL)</b>  |                  |         |         |           |          |           |        |       |       |       |          |           |                      |       |       |                                       |          |
| <b>Voted expenditure</b>                                 |                  |         |         |           |          |           |        |       |       |       |          |           |                      |       |       |                                       |          |
| A Support for the Museums and Galleries sector           | -                | -       | -       | 24,367    | (25)     | 24,342    |        |       |       |       | 26,970   | 809       | 27,779               |       |       | 3,437                                 | 25,719   |
| B Museums and Galleries sponsored ALBs (net)             | -                | -       | -       | 429,655   | -        | 429,655   |        |       |       |       | 487,770  | -         | 487,770              |       |       | 58,115                                | 369,006  |
| C Libraries sponsored ALBs (net)                         | 7,998            | -       | 7,998   | 103,099   | -        | 103,099   |        |       |       |       | 148,642  | -         | 148,642              |       |       | 37,545                                | 117,105  |
| D Support for the Arts sector                            | 781              | (693)   | 88      | 50,348    | (81,508) | (31,160)  |        |       |       |       | 276,194  | (229,062) | 47,132               |       |       | 78,204                                | (79,289) |
| E Arts and culture ALBs (net)                            | 19,876           | -       | 19,876  | 1,161,061 | -        | 1,161,061 |        |       |       |       | 973,989  | 207,593   | 1,181,582            |       |       | 645                                   | 465,976  |
| F Support for the Sports sector                          | -                | -       | -       | 31,282    | (15,192) | 16,090    |        |       |       |       | 149,277  | (9,987)   | 139,280              |       |       | 123,190                               | 5,061    |
| G Sport sponsored ALBs (net)                             | 19,281           | -       | 19,281  | 284,287   | -        | 284,287   |        |       |       |       | 292,637  | 13,798    | 306,435              |       |       | 2,867                                 | 142,204  |
| H Ceremonial and support for the Heritage sector         | 636              | (35)    | 601     | 59,887    | (17,228) | 42,659    |        |       |       |       | 46,639   | 60        | 46,699               |       |       | 3,439                                 | 50,936   |
| I Heritage sponsored ALBs (net)                          | 4,717            | -       | 4,717   | 198,344   | -        | 198,344   |        |       |       |       | 195,794  | 34,679    | 230,473              |       |       | 27,412                                | 72,039   |
| J Tourism sponsored ALBs (net)                           | 26,371           | -       | 26,371  | 11,354    | -        | 11,354    |        |       |       |       | 54,959   | -         | 54,959               |       |       | 17,234                                | 51,654   |
| K Support for the Digital, Broadcasting and Media sector | 7,122            | (40)    | 7,082   | 80,470    | (3,861)  | 76,609    |        |       |       |       | 333,932  | 1,513     | 335,445              |       |       | 251,754                               | 75,560   |
| L Broadcasting and Media sponsored ALBs (net)            | 12,904           | -       | 12,904  | 86,254    | -        | 86,254    |        |       |       |       | 108,213  | 292       | 108,505              |       |       | 9,347                                 | 66,244   |
| M Administration and Research                            | 113,378          | (1,607) | 111,771 | 2,435     | -        | 2,435     |        |       |       |       | 178,718  | (14,990)  | 163,728              |       |       | 49,522                                | 100,733  |
| N Support for Horseracing and the Gambling sector        | -                | -       | -       | -         | (17,851) | (17,851)  |        |       |       |       | (19,268) | -         | (19,268)             |       |       | (1,417)                               | (16,161) |





## SOPS 1.2 Analysis of net capital outturn by Estimate line

| Type of spend (Capital)                                 |  | 2020-21          |                |                  | 2020-21          |           |                      | 2020-21                               | 2019-20          |
|---|--|------------------|----------------|------------------|------------------|-----------|----------------------|---------------------------------------|------------------|
|   |  | Outturn          |                |                  | Estimate         |           |                      | Outturn vs Estimate, saving/ (excess) | Outturn          |
|   |  | Gross            | Income         | Net              | Total            | Virements | Total inc. virements |                                       | Total            |
|   |  | £'000            | £'000          | £'000            | £'000            | £'000     | £'000                |                                       | £'000            |
| <b>Spending in Departmental Expenditure Limit (DEL)</b> |  |                  |                |                  |                  |           |                      |                                       |                  |
| <b>Voted expenditure</b>                                |  |                  |                |                  |                  |           |                      |                                       |                  |
| A   | Support for the Museums and Galleries sector           | (3)              | -              | (3)              | 5,000            | -         | 5,000                | 5,003                                 | 1,800            |
| B   | Museums and Galleries sponsored ALBs (net)             | 73,039           | -              | 73,039           | 127,789          | -         | 127,789              | 54,750                                | 230,985          |
| C   | Libraries sponsored ALBs (net)                         | 6,815            | -              | 6,815            | 11,121           | -         | 11,121               | 4,306                                 | 3,281            |
| D   | Support for the Arts sector                            | 255,658          | -              | 255,658          | 270,326          | (14,668)  | 255,658              | -                                     | 4,498            |
| E   | Arts and culture ALBs (net)                            | 68,098           | -              | 68,098           | 75,643           | -         | 75,643               | 7,545                                 | 26,625           |
| F   | Support for the Sports sector                          | 117,955          | -              | 117,955          | 264,080          | -         | 264,080              | 146,125                               | (13)             |
| G   | Sport sponsored ALBs (net)                             | 40,385           | -              | 40,385           | 44,514           | -         | 44,514               | 4,129                                 | 46,034           |
| H   | Ceremonial and support for the Heritage sector         | 1,637            | -              | 1,637            | 1,524            | 113       | 1,637                | -                                     | 2,055            |
| I   | Heritage sponsored ALBs (net)                          | 177,027          | -              | 177,027          | 150,477          | 26,550    | 177,027              | -                                     | 38,801           |
| J   | Tourism sponsored ALBs (net)                           | 2,179            | -              | 2,179            | 1,961            | 250       | 2,211                | 32                                    | 365              |
| K   | Support for the Digital, Broadcasting and Media sector | 159,195          | (1,135)        | 158,060          | 174,469          | -         | 174,469              | 16,409                                | 121,006          |
| L   | Broadcasting and Media sponsored ALBs (net)            | 29,567           | -              | 29,567           | 34,555           | -         | 34,555               | 4,988                                 | 75,890           |
| M   | Administration and Research                            | 8,460            | -              | 8,460            | 32,906           | (12,245)  | 20,661               | 12,201                                | 901              |
| O   | Gambling Commission (net)                              | 258              | -              | 258              | 384              | -         | 384                  | 126                                   | 783              |
| P   | Office for Civil Society                               | (3,263)          | -              | (3,263)          | 1,704            | -         | 1,704                | 4,967                                 | 1,487            |
| Q   | National Citizen Service (net)                         | (12)             | -              | (12)             | 3,706            | -         | 3,706                | 3,718                                 | 9                |
| R   | Birmingham 2022 (net)                                  | 43               | -              | 43               | 774              | -         | 774                  | 731                                   | (3,812)          |
| <b>Total spending in DEL</b>                            |  | <b>937,038</b>   | <b>(1,135)</b> | <b>935,903</b>   | <b>1,200,933</b> | <b>-</b>  | <b>1,200,933</b>     | <b>265,030</b>                        | <b>550,695</b>   |
| <b>Spending in Annually Managed Expenditure (AME)</b>   |  |                  |                |                  |                  |           |                      |                                       |                  |
| <b>Voted expenditure</b>                                |  |                  |                |                  |                  |           |                      |                                       |                  |
| S   | British Broadcasting Corporation                       | 48,633           | -              | 48,633           | 316,712          | (57)      | 316,655              | 268,022                               | 941,101          |
| T   | Channel Four Television                                | 8,751            | -              | 8,751            | 132,700          | -         | 132,700              | 123,949                               | 76,734           |
| V   | Levy bodies  | 317              | -              | 317              | 260              | 57        | 317                  | -                                     | (314)            |
| <b>Total voted AME</b>                                  |  | <b>57,701</b>    | <b>-</b>       | <b>57,701</b>    | <b>449,672</b>   | <b>-</b>  | <b>449,672</b>       | <b>391,971</b>                        | <b>1,017,521</b> |
| <b>Non-voted expenditure</b>                            |  |                  |                |                  |                  |           |                      |                                       |                  |
| W   | Lottery grants   | 220,060          | -              | 220,060          | 197,022          | -         | 197,022              | (23,038)                              | 308,721          |
| <b>Total spending in AME</b>                            |  | <b>277,761</b>   | <b>-</b>       | <b>277,761</b>   | <b>646,694</b>   | <b>-</b>  | <b>646,694</b>       | <b>368,933</b>                        | <b>1,326,242</b> |
| <b>Total capital</b>                                    |  | <b>1,214,799</b> | <b>(1,135)</b> | <b>1,213,664</b> | <b>1,847,627</b> | <b>-</b>  | <b>1,847,627</b>     | <b>633,963</b>                        | <b>1,876,937</b> |

Explanations of the variances between the Outturn and Estimate are included in the SOPS Commentary on pages 86 to 94.

The total Estimate columns include virements. Virements are the reallocation of provision in the Estimates that do not require parliamentary authority (because Parliament does not vote to that level of detail and delegates to HM Treasury). Further information on virements is provided in the Supply Estimates Manual, available on [gov.uk](http://gov.uk).

The Outturn vs Estimate column is based on the total including virements. The estimate total before virements have been made is included so that users can tie the estimate back to the Supply Estimates laid before Parliament.

## SOPS 2. Reconciliation of Outturn to Net Expenditure

| Item  | Reference       | 2020-21<br>Outturn Total | 2019-20<br>Outturn Total |
|---|-----------------|--------------------------|--------------------------|
|   |                 | £'000                    | £'000                    |
| <b>Total resource outturn</b>   | <b>SOPS 1.1</b> | <b>7,864,749</b>         | <b>6,985,297</b>         |
| <b>Add:</b>   |                 |                          |                          |
| Capital grants expenditure  | 4.2             | 602,042                  | 575,119                  |
| Research & development (capital)  |                 | 31,584                   | 33,900                   |
| <b>Total:</b>   |                 | <b>633,626</b>           | <b>609,019</b>           |
| <b>Less:</b>  |                 |                          |                          |
| Income from National Lottery Distribution Fund (NLDF)                             | 5.2             | (1,699,048)              | (1,670,814)              |
| Charity income (asset donations or cash donations for asset additions)            |                 | (65,010)                 | (87,860)                 |
| Capital grants income   | 5.2             | (10,353)                 | (18,283)                 |
| Peppercorn lease income - capital grant in kind                                   | 5.2             | (11,500)                 | -                        |
| Research & development income (capital)   |                 | (9,754)                  | (11,079)                 |
| Property sales - East Village (capital)   | 5.2             | -                        | (333)                    |
| Production restart scheme income  | SOPS 4.1        | (6,795)                  | -                        |
| BBC broadband income  | SOPS 4.1        | -                        | (10,000)                 |
| <b>Total:</b>   |                 | <b>(1,802,460)</b>       | <b>(1,798,369)</b>       |
| <b>Other:</b>   |                 |                          |                          |
| Impact of intra-group transactions crossing budget categories                     |                 | 5,083                    | 9,557                    |
| <b>Total:</b>   |                 | <b>5,083</b>             | <b>9,557</b>             |
| <b>Net expenditure in Consolidated Statement of Comprehensive Net Expenditure</b> | <b>SoCNE</b>    | <b>6,700,998</b>         | <b>5,805,504</b>         |

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS. Therefore, this reconciliation bridges the resource outturn to net operating expenditure, linking the SOPS to the financial statements.

### SOPS 3. Reconciliation of Net Resource Outturn to Net Cash Requirement

| Item  | Reference       | Outturn Total      | Estimate           | Outturn vs Estimate, saving/ (excess) |
|---|-----------------|--------------------|--------------------|---------------------------------------|
|   |                 | £'000              | £'000              | £'000                                 |
| <b>Resource outturn</b>   | <b>SOPS 1.1</b> | <b>7,864,749</b>   | <b>9,069,238</b>   | <b>1,204,489</b>                      |
| <b>Capital outturn</b>  | <b>SOPS 1.2</b> | <b>1,213,664</b>   | <b>1,847,627</b>   | <b>633,963</b>                        |
| <i>Adjustments for ALBs:</i>                                    |                 |                    |                    |                                       |
| Remove voted resource and capital                               |                 | (6,596,259)        | (7,144,267)        | (548,008)                             |
| Cash grant-in-aid   | 4.1.1           | 6,172,214          | 6,408,222          | 236,008                               |
| <i>Adjustments to remove non-cash items:</i>                    |                 |                    |                    |                                       |
| Depreciation, amortisation and expected credit loss adjustments | 4.4             | (5,972)            | (24,131)           | (18,159)                              |
| New provisions and adjustments to previous provisions           | 4.5             | (2,586)            | (236,592)          | (234,006)                             |
| Other non-cash items  |                 | (57,000)           | (132,700)          | (75,700)                              |
| Museum loans  |                 | 4,023              | -                  | (4,023)                               |
| <i>Adjustments to reflect movements in working balances:</i>    |                 |                    |                    |                                       |
| Increase/(decrease) in receivables                              |                 | (6,254)            | -                  | 6,254                                 |
| (Increase)/decrease in payables                                 |                 | (65,162)           | 152,971            | 218,133                               |
| (Increase)/decrease in lease liabilities                        |                 | 5,282              | -                  | (5,282)                               |
| Utilisation of provisions                                       | 19              | 32                 | -                  | (32)                                  |
| <b>Total:</b>   |                 | <b>(551,682)</b>   | <b>(976,497)</b>   | <b>(424,815)</b>                      |
| <b>Removal of non-voted budget items:</b>                       |                 |                    |                    |                                       |
| Other adjustments - lottery grants                              |                 | (1,317,767)        | (1,460,769)        | (143,002)                             |
| <b>Total:</b>   |                 | <b>(1,317,767)</b> | <b>(1,460,769)</b> | <b>(143,002)</b>                      |
| <b>Net cash requirement</b>                                     |                 | <b>7,208,964</b>   | <b>8,479,599</b>   | <b>1,270,635</b>                      |

As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

### SOPS 4. Income payable to the Consolidated Fund

#### SOPS 4.1 Analysis of income payable to the Consolidated Fund

The Department acted as principal for any funds payable to the Consolidated Fund in relation to the collection of BBC PSB Group contributions to Broadband.

During 2020-21, £nil was received for BBC PSB Group contributions to Broadband and paid to the Consolidated Fund (2019-20: £10.0m) as this scheme finished in the prior year. This has been included as income in the SoCNE.

The Department acted as principal for any funds payable to the Consolidated Fund in relation to the collection of fees from applicants to the Production Restart scheme.

During 2020-21, £6.8m was received from applicants to this scheme and paid to the Consolidated Fund (2019-20: £nil) until 22 February 2021. Following this date, the Department was given permission by HM Treasury to retain these fees and not pay them onto the Consolidated Fund. This has been included as income in the SoCNE.

In addition to income retained by the Department, the following income is payable to the Consolidated Fund:

| Item   | Outturn Total 2020-21 |              | Outturn 2019-20 |               |
|--|-----------------------|--------------|-----------------|---------------|
|  | Accruals              | Cash basis   | Accruals        | Cash basis    |
|  | £'000                 | £'000        | £'000           | £'000         |
| Amounts to be collected on behalf of the Consolidated Fund |                       |              |                 |               |
| - 2019-20 income   | -                     | -            | 10,000          | 10,000        |
| - 2020-21 income   | 6,795                 | 6,795        | -               | -             |
| <b>Total amount payable to the Consolidated Fund</b>       | <b>6,795</b>          | <b>6,795</b> | <b>10,000</b>   | <b>10,000</b> |

## SOPS 4.2 Consolidated Fund Income

Consolidated Fund income shown in note SOPS 4.1 above does not include any amounts collected by the Department where it was acting as agent for the Consolidated Fund rather than as principal. The amounts collected as agent for the Consolidated Fund (which are otherwise excluded from these group financial statements) were:

|  | 2020-21        | 2019-20        |
|--|----------------|----------------|
|  | £'000          | £'000          |
| <b>Taxes and licence fees</b>  |                |                |
| Spectrum Management fees:<br>Wireless Telegraphy Act annual licence fees and charges to Crown spectrum users | 323,663        | 303,970        |
| Sports Grounds Safety Authority licences   | 9              | 9              |
| <b>Sub-total: Taxes and licence fees</b>   | <b>323,672</b> | <b>303,979</b> |
| <b>Fines and penalties</b>   |                |                |
| Gambling Commission penalties issued   | 3,095          | 4,266          |
| Information Commissioner civil monetary penalties issued   | 38,424         | 2,024          |
| Information Commissioner fines issued  | -              | 279            |
| <b>Sub-total: Fines and penalties</b>  | <b>41,519</b>  | <b>6,569</b>   |
| <i>Less:</i>   |                |                |
| Impairment of debts - Information Commissioner penalties   | (444)          | (2,000)        |
| <b>Amount payable to the Consolidated Fund</b>   | <b>364,747</b> | <b>308,548</b> |
| Balance held at start of year  | 14,082         | 30,122         |
| Payments into the Consolidated Fund  | (300,096)      | (324,588)      |
| <b>Balance held on trust at end of year</b>  | <b>78,733</b>  | <b>14,082</b>  |

The main income streams collected as agent are:

### Licence Fees

- **Spectrum Management Annual Licence Fees** - these are annual licences issued by Ofcom under the Wireless Telegraphy Act (WTA) and charges for Crown use of spectrum. Since December 2017, most of Ofcom's operating costs have been deducted from the amounts remitted to the Consolidated Fund rather than met from Grant-in-Aid funding. The value retained in 2020-21 was £62,828k (2019-20: £55,774k).
- **Sports Grounds Safety Authority (SGSA)** annual licence fees for the certification of football grounds.

## Penalties

- **Gambling Commission penalties issued under the Gambling Act** – these fines have been imposed on online gambling businesses for failing to put in place effective safeguards to prevent money-laundering and keep consumers safe from gambling-related harm.
- **Civil Monetary Penalties collected by the ICO** - figures for new penalties are shown gross and Civil Monetary penalties written off are shown separately. Write offs are authorised by the ICO when the body to which a penalty was issued is confirmed as being in liquidation or when costs of recovery would exceed recoverable amounts. The Privacy and Electronic Communications (Amendment) Regulations 2018 (SI 2018/1189) came into force in December 2018 and have widened the scope of the penalties for serious breaches of regulations. The ICO may now impose financial penalties on an officer of a corporate body, in addition to the company, where such breach occurs as a result of action, or inaction, by the officer in question. There have been no write-offs of penalties in 2020-21 (2019-2020: nil).
- **Fines collected by the ICO for non-payment of data protection fees.** The ICO has the power to fine organisations that fail to register or to renew their fees. Fines range from £400 to £4,000.

The balance held on trust of £78.7m at end of 31 March 2021 comprises:

- £44.5m for WTA and other Spectrum Management fees, all of which is receivable,
- £34.0m in respect of ICO Civil Monetary Penalties and interest, all of which is receivable,
- £0.2m in respect of ICO fines, all of which is receivable.



# Statement of Outturn against Parliamentary Supply Commentary 2020-21

DCMS sponsors a large and diverse group of arm's length bodies, working under a variety of different accounting frameworks and with a wide range of budgetary complexities. A large proportion of the department's funding is ring-fenced or influenced by external factors e.g. philanthropy, which makes financial risk management particularly challenging.

The commentary that follows relates to the key features of the outturn position as reported in the SOPS and the supporting analysis within SOPS notes 1.1 and 1.2, and describes the position before virements (allowed budgetary transfers) are applied. Since this pre-virement position is not presented in the SOPS notes (which show the post-virement position), the tables below show the significant variances being explained. Many of these underspends are a result of the numerous policy ring fences that exist and prevent an underspend in one area being used to cover an overspend elsewhere.

| Expenditure Line                              |  | Outturn   | Estimate<br>(before virements<br>applied) | Outturn vs Estimate<br>Variance<br>(over)/under |
|---|--|-----------|---|---|
|   |  | £'000     | £'000                                     | £'000   |
| <b>Resource DEL - Voted expenditure</b>       |  |           |   |   |
| A   | Support for the Museums and Galleries sector           | 24,342    | 26,970                                    | 2,628   |
| B   | Museums and Galleries sponsored ALBs (net)             | 429,655   | 487,770                                   | 58,115  |
| C   | Libraries sponsored ALBs (net)                         | 111,097   | 148,642                                   | 37,545  |
| D   | Support for the Arts sector                            | (31,072)  | 276,194                                   | 307,266   |
| E   | Arts and culture ALBs (net)                            | 1,180,937 | 973,989                                   | (206,948)                                       |
| F   | Support for the Sports sector                          | 16,090    | 149,277                                   | 133,187   |
| G   | Sport sponsored ALBs (net)                             | 303,568   | 292,637                                   | (10,931)  |
| H   | Ceremonial and support for the Heritage sector         | 43,260    | 46,639                                    | 3,379   |
| I   | Heritage sponsored ALBs (net)                          | 203,061   | 195,794                                   | (7,267)   |
| J   | Tourism sponsored ALBs (net)                           | 37,725    | 54,959                                    | 17,234  |
| K   | Support for the Digital, Broadcasting and Media sector | 83,691    | 333,932                                   | 250,241   |
| L   | Broadcasting and Media sponsored ALBs (net)            | 99,158    | 108,213                                   | 9,055   |
| M   | Administration and Research                            | 114,206   | 178,718                                   | 64,512  |
| O   | Gambling Commission (net)                              | 19,280    | 21,516                                    | 2,236   |
| P   | Office for Civil Society                               | 385,990   | 399,608                                   | 13,618  |
| Q   | National Citizen Service (net)                         | 72,258    | 108,823                                   | 36,565  |
| R   | Birmingham 2022 (net)                                  | 36,407    | 48,273                                    | 11,866  |
| <b>Administration DEL - Voted expenditure</b> |  |           |   |   |
| G   | Sport sponsored ALBs (net)                             | 19,281    | 16,554                                    | (2,727)   |
| I   | Heritage sponsored ALBs (net)                          | 4,717     | 27,452                                    | 22,735  |
| J   | Tourism sponsored ALBs (net)                           | 26,371    | 32,739                                    | 6,368   |
| L   | Broadcasting and Media sponsored ALBs (net)            | 12,904    | 15,525                                    | 2,621   |
| M   | Administration and Research                            | 111,771   | 133,430                                   | 21,659  |
| R   | Birmingham 2022 (net)                                  | -         | 5,149                                     | 5,149   |

| Expenditure Line                            |  | Outturn   | Estimate<br>(before virements<br>applied) | Outturn vs Estimate<br>Variance<br>(over)/under |
|---|--|-----------|---|---|
|   |  | £'000     | £'000                                     | £'000   |
| <b>Resource AME - Voted expenditure</b>     |  |           |   |   |
| S   | British Broadcasting Corporation                       | 3,589,746 | 3,878,709                                 | 288,963   |
| U   | Provisions, Impairments and other AME spend            | 51,329    | 94,094                                    | 42,765  |
| V   | Levy bodies  | 14,165    | 2   | (14,163)  |
| <b>Resource AME - Non-Voted expenditure</b> |  |           |   |   |
| W   | Lottery grants   | 1,097,707 | 1,263,747                                 | 166,040   |
| <b>Capital DEL - Voted expenditure</b>      |  |           |   |   |
| A   | Support for the Museums and Galleries sector           | (3)       | 5,000                                     | 5,003   |
| B   | Museums and Galleries sponsored ALBs (net)             | 73,039    | 127,789                                   | 54,750  |
| C   | Libraries sponsored ALBs (net)                         | 6,815     | 11,121                                    | 4,306   |
| D   | Support for the Arts sector                            | 255,658   | 270,326                                   | 14,668  |
| E   | Arts and culture ALBs (net)                            | 68,098    | 75,643                                    | 7,545   |
| F   | Support for the Sports sector                          | 117,955   | 264,080                                   | 146,125   |
| G   | Sport sponsored ALBs (net)                             | 40,385    | 44,514                                    | 4,129   |
| I   | Heritage sponsored ALBs (net)                          | 177,027   | 150,477                                   | (26,550)  |
| K   | Support for the Digital, Broadcasting and Media sector | 158,060   | 174,469                                   | 16,409  |
| L   | Broadcasting and Media sponsored ALBs (net)            | 29,567    | 34,555                                    | 4,988   |
| M   | Administration and Research                            | 8,460     | 32,906                                    | 24,446  |
| P   | Office for Civil Society                               | (3,263)   | 1,704                                     | 4,967   |
| Q   | National Citizen Service (net)                         | (12)      | 3,706                                     | 3,718   |
| <b>Capital AME - Voted expenditure</b>      |  |           |   |   |
| S   | British Broadcasting Corporation                       | 48,633    | 316,712                                   | 268,079   |
| T   | Channel Four Television                                | 8,751     | 132,700                                   | 123,949   |
| <b>Capital AME - Non-Voted expenditure</b>  |  |           |   |   |
| W   | Lottery grants   | 220,060   | 197,022                                   | (23,038)  |

## Resource DEL

The voted resource DEL outturn position as reported in these Accounts is £3,111.8m which is £720.9m, or 18.8%, lower than provided in the Estimate (2019-20: £215.9m or 11.3% lower, outturn: £1,690.0m).

Support for the Museums and Galleries sector (Line A) shows an underspend of £2.6m mainly resulting from lower distribution from the Cultural Protection Fund and underspends against planned PFI libraries spend (£3.2m). A further £0.3m underspend relates to movement of budget to Arts Council England (Estimate Line E) in relation to Libraries Taskforce funding which occurred after the 2020-21 Supplementary Estimates. This is offset by higher depreciation than budgeted (£0.8m).

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £58.1m:

- £41.1m relates to late or restricted donations and pledges, additional income raised from a number of sources including improved trading, investments and exhibitions (£35.9m), as well as operational savings or delays in expenditure due to the COVID-19 pandemic (£5.2m);
- £9.0m relates to underspend against budget held for ALB reserves drawdowns by Museums and Galleries ALBs. The more commercial ALBs operate under budgetary freedoms, which allow them to draw down additional budgetary cover funded by their own reserves which were not fully utilised in-year;
- £4.6m relates to depreciation in excess of budget requirements across a number of Museums and Galleries ALBs;
- £2.4m relates to IFRS 16 adjustments and some other minor elements;
- £1.0m relates to unutilised funding received as part of the ALB Support Package announced in response to the COVID-19 pandemic.

Libraries sponsored ALBs (Line C) shows an underspend of £37.5m:

- £14.3m relates to depreciation in excess of budgetary requirements due to the impact of a significant asset revaluation for the British Library;
- £10.6m relates to lower expenditure than forecast due to Covid related restrictions on operations (£2.1m) and project slippage (£8.5m);
- £8.3m relates to unutilised funding received as part of the ALB Support Package announced in response to the COVID-19 pandemic;
- £3.4m relates to late donations (£2.0m) and lower than budgeted acquisitions due to Covid impacts (£1.4m);
- £0.6m relates to prior-year impairments written back due to revaluation increases to the British Library's Boston Spa site.

Support for the Arts sector (Line D) shows an underspend of £307.3m:

- £227.7m relates to funding for the Cultural Recovery Fund which was transferred from the Core Department to Arts Council England (Line E) and National Heritage Memorial Fund (Line I) after the 2020-21 Supplementary Estimates were completed;
- £54.2m relates to underspends against budget cover provided for potential year end technical budgetary impacts relating to fair value and expected credit loss adjustments for Covid support loans;
- £33.5m relates to Cultural Recovery Fund grants being lower than expected;
- This is offset by an overspend of £6.3m due to the budget for Festival 2022 (a subsidiary of Birmingham 2022) being reallocated from Estimate Line R (Birmingham 2022) after the 2020-21 Supplementary Estimate, as well as an overspend on administration costs for the Government Art Collection of £0.8m.

Arts and Culture ALBs (Line E) shows an overspend of £206.9m:

- £200.3m relates to funding for the Cultural Recovery Fund (£195.3m) and Support for civil society and youth initiatives (£5.0m) which was transferred from the Core Department (Line D and P) to Arts Council England after the 2020-21 Supplementary Estimates were completed;
- £4.6m relates to additional funding provided to Arts Council England based on reprioritisation of underspends for the Edinburgh Festival, City of Culture, Arts Info Point and Reading Friends initiatives which were transferred to Arts Council England after the 2020-21 Supplementary Estimates were completed;
- £2.7m relates to intra-group transactions across estimate lines (offset against Estimate Line M);
- £0.5m relates to additional Department for Education funding for Arts Council of England music hubs that was agreed after the 2020-21 Supplementary Estimate;
- £0.3m relates to movement of budget to Arts Council England from the Core Department (Line A) in relation to Libraries Taskforce funding which occurred after the 2020-21 Supplementary Estimates;
- The above overspends were partially offset by admin underspends of £1.2m primarily relating to adjustments to provisions.

Support for the Sports sector (Line F) shows an underspend of £133.2m:

- £125.3m relates to an underspend on the Sport Winter Survival Package announced in response to the COVID-19 pandemic. Specifically this related to budget cover provided for technical accounting adjustments for potential credit losses and fair value adjustments;
- £10.1m relates to income received from the Department of Health and Social Care (DHSC) for sport-related activities delivered by Sport England (Line G) agreed after the 2020-21 Supplementary Estimates;
- The above underspends were offset by a £2.2m under achievement of income received from DHSC for activities delivered by Sport England (Line G).

Sport sponsored ALBs (net) (Line G) shows an overspend of £10.9m:

- £10.1m relates to additional funding agreed after the 2020-21 Supplementary Estimates from the Department of Health and Social Care for sport-related activities delivered by Sport England;
- £1.9m relates to a transfer of Leisure Centre Recovery Fund admin budget held within the Core Department (Line M) at the 2020-21 Supplementary Estimates to Sport England;
- £2.4m relates to intra-group transactions across estimate lines (offsets with Estimate Line M);
- This is offset by underspends of £3.6m for Sports ALBs resulting from the impact of the COVID-19 pandemic, underspend on grants programmes, depreciation budget in excess of requirements and other technical accounting adjustments.

Ceremonial and support for the Heritage sector (Line H) shows an underspend of £3.4m:

- An underspend of £5.9m relates to funding allocated for Listed Places of Worship due to lower demand for the scheme than estimated;
- This is offset by £2.5m of payments to The Royal Parks which were budgeted against Estimate Line M.

Heritage sponsored ALBs (Line I) shows an overspend of £7.3m:

- £34.8m relates to an overspend arising from the transfer of funding for the Culture Recovery Fund held within the Core Department (Line D), to the National Heritage Memorial Fund after the 2020-21 Supplementary Estimates.
- This is offset by underspends of £27.2m:
  - additional administration income due to the real value received from dissolving the National Heritage Memorial Fund's endowment fund being £18.4m in excess of the value stated on the Statement of Financial Position;
  - £0.9m underspend on delivery of COVID-19 packages due to complexities around timings/ amounts;
  - £7.1m underspend relates to unutilised funding received as part of the ALB Support Package announced in response to the COVID-19 pandemic;
  - £0.8m underspend by Historic England due to deferred spend on the Heritage High Streets programme and IFRS 16 related adjustments.

Tourism sponsored ALBs (Line J) shows an underspend of £17.2m, of which:

- £12.8m relates to British Tourist Authority withdrawing or cancelling planned marketing activity during the COVID-19 pandemic in line with government guidelines on international travel restrictions;
- £1.6m relates to repurposed funding to support Destination Management Organisations (who take a lead in managing and developing tourism locally) during the COVID-19 pandemic and other deferred spend;
- £2.1m relates to depreciation budgets in excess of requirements;
- £0.3m relates to intra-group transactions across estimate lines (offset against Estimate Line M);
- £0.3m relates to a reduction in administration funding for the British Tourist Authority moved to Core Department (Line M) and switched with Capital funding to facilitate urgent IT upgrades.

Support for the Digital, Broadcasting and Media sector (Line K) shows an underspend of £250.2m:

- £251.6m relates to an underspend against budget cover provided for the Film and TV Production Restart Scheme which was based on a prudent approach to ensure effective management of the risk associated with large uncertainties in scheme cost. The SOPS underspend does not include additional income received for the scheme and processed as a non-budget CFER;
- This is offset by small overspends across projects including Cell Broadcast and Tech Nation.

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £9.1m:

- £2.7m relates to S4C impacted by Covid causing delays in content expenditure, which will now fall into 2021-22;
- £2.3m mainly relates to the Information Commissioner's Office due to the unexpected increase of the Data Protection fee income over the last two months of the year;
- £3.2m relates to an ALB support package grant-in-aid loan facility for Gambling Commission which was not utilised;
- £0.6m relates to an underspend of Cultural Recovery Fund grants.

Administration and Research (Line M) shows an underspend of £64.5m:

- £20.3m relates to unutilised budget cover for ALB use of cash reserves due to uncertain impact of COVID-19 pandemic on Museums and Galleries income streams;
- £20.1m relates to lower than forecast depreciation charges. £1.9m of this underspend is offset by spend scored against Estimate lines A, D, F, H and P;
- £6.5m relates to funding transferred after the Supplementary Estimates to other Estimates lines: £1.9m Leisure Centre Recovery Fund admin budget to Sport England (Line G) and £4.6m to Arts Council England (Line E) based on reprioritisation of underspends for the Edinburgh Festival, City of Culture, Arts info Point and Reading Friends initiatives;
- £4.8m relates to underspends resulting from intra-group transactions across estimate lines (offsets with Estimate Lines E, G and J). These transactions include elimination of costs and income associated with ALBs administering certain Covid support schemes on behalf of the Department;
- £3.8m relates to UK Gigabit delivery driven by delayed recruitment;
- £3.2m is an underspend against ring-fenced EU Exit funding relating to lower than estimated spend on legal, marketing and media and travel costs;
- £2.5m relates to payments to The Royal Parks which was budgeted under this Estimate line but the outturn was scored against Estimate Line H;
- £2.2m comprises corporate underspends relating to pension refunds and lower than estimated spend on commercial staff costs and costs relating to the implementation of a new enterprise resource planning system;
- £2.0m relates to additional budget cover sought at the 2020-21 Supplementary Estimates relating to late audit adjustments which was not utilised;
- £1.6m relates to central departmental programme funding which was not utilised;
- £1.1m is an underspend relating to the delayed sale of Blythe House due to the impact of Covid, meaning associated administration costs are deferred;
- £0.5m relates to consultancy no longer required for Media and Creative Industries delivery;
- The above underspends are partially offset by an overspend of £4.1m budgeted against Birmingham 2022 (Line R) that has been attributed to this estimate line.

Gambling Commission (Line O) shows an underspend of £2.2m:

- £1.4m relates to allocated costs for the Fourth National Lottery Licence not utilised due to delays;
- £0.8m relates to an improvement on the Gambling Commission's financial position relative to forecast (less impact from Covid than expected).

Office for Civil Society (Line P) shows an underspend of £13.6m:

- £5.0m relates to the transfer of Cultural Sector Support funding for Charities Support to Arts Council England (Line E);
- £3.7m relates to a transfer of unallocated National Citizen Service funding from ALB (Line Q) to this Estimate line;



- £3.0m underspend is due to lower than estimated Social Investment Infrastructure activity;
- £1.4m underspend against funding provided for Tampon Tax grants;
- £0.4m underspend against the Life Chances Fund allocation;
- £0.3m underspend against the Youth Accelerator Fund allocation;
- This is offset by an overspend of £0.3m resulting from charges relating to depreciation.

The National Citizen Service (Line Q) shows an underspend of £36.6m which mostly relates to 2020 programme underspends and lower than budgeted 2021 programme prepayments, lower corporate costs due to the impact of Covid and additional unanticipated service user income.

Birmingham 2022 (Line R) shows an underspend of £11.9m. This is not an underspend related to the Birmingham 2022 Commonwealth Games programme nor an under utilisation of resources, and is explained below:

- £7.3m is due to the transfer at the Supplementary Estimates of the spend for Festival 2022 to the Core Department which is reported on a different budget line (Lines D and M);
- £4.5m relates to the budget for Commonwealth Games Delivery Unit (CGDU - the DCMS support function for Birmingham 2022) administration resources budgeted on this line; however corresponding expenditure is accounted for under Line M. There was therefore a mismatch between budget and expenditure lines at the time of the Supplementary Estimate. Overall CGDU admin spend was in line with budget.

### **Administration expenditure**

The voted administration expenditure outturn as reported in these accounts is £220.0m. There was a total underspend of £56.4m, 20.4% lower than provided in the Estimate (2019-20: £26.2m or 10.9% lower, outturn: £215.3m). The main reasons for the variance are:

Sport sponsored ALBs (Line G) shows an overspend of £2.7m:

- £2.4m relates to intra-group transactions across estimate lines (offsets with Estimate Line M);
- £1.9m relates to transfer of Leisure Centre Recovery Fund admin budget held within the Core Department (Line M) at the Estimates before being transferred to Sport England.
- This is offset by £1.7m admin underspend for Sports ALBs resulting from the impact of the COVID-19 pandemic, underspend on grants programmes and depreciation budget in excess of requirements.

Heritage sponsored ALBs (Line I) includes an administration underspend of £22.7m:

- Of £18.8m, £18.4m relates to the National Heritage Memorial Fund's endowment fund (see Resource DEL Line I above); £0.4m is an underspend on delivery of COVID-19 packages due to complexities around timings/amounts;
- £3.8m relates to an underspend for Historic England due to the repurposing of administration funding to cover programme expenditure relating to grants and public engagement programmes, and due to a deferred spend for Heritage High Streets and IFRS 16 (leases) related adjustments.

Tourism sponsored ALBs (Line J) includes an administration underspend of £6.4m:

- £2.1m relates to administration depreciation budget in excess of requirements;
- £3.6m relates to repurposed funding to support Destination Management Organisations during the COVID-19 pandemic and other deferred spend;
- £0.3m relates to a reduction in administration funding for the British Tourist Authority moved to Core Department (Line M) and switched with Capital funding to facilitate urgent IT upgrades;
- £0.3m relates to administration underspends resulting from intra-group transactions across estimate lines.

Broadcasting and Media sponsored ALBs (Line L) includes an administration underspend of £2.6m:

- £2.3m mainly relates to the Information Commissioner's Office due to the unexpected increase of the Data Protection fee income over the last two months of the year;
- A further small underspend is attributed to Ofcom due to delays in planned projects and lower than budgeted depreciation.

Administration and Research (Line M) includes an underspend of £21.7m:

- £6.1m relating to lower than forecast depreciation charges;
- £4.8m relates to admin underspends resulting from intra-group transactions across estimate lines (see Resource DEL section);
- £3.8m relates to UK Gigabit delivery driven by delayed recruitment;
- £3.2m is an underspend against ring-fenced EU Exit funding relating to lower than estimated spend on legal, marketing and media and travel costs;
- £2.5m relates to payments to The Royal Parks which was budgeted under this Estimate line but the outturn was scored against Estimate Line H;
- £2.2m comprises corporate underspends relating to pension refunds and lower than estimated spend on commercial staff costs and costs relating to the implementation of a new finance and HR technology system;
- £1.9m relates to the Leisure Centre Recovery Fund administration budget held within the Core Department at the Estimates before being transferred to Sport England (Line G);
- £1.1m is an underspend relating to the delayed sale of Blythe House due to the impact of Covid, meaning associated administration costs are deferred;
- £0.5m relates to consultancy no longer required for Media and Creative Industries delivery;
- The above underspends are partially offset by £4.1m of expenditure budgeted against Birmingham 2022 (Line R), but attributed to this estimate line.

Birmingham 2022 (Line R) includes an underspend of £5.1m. This mostly offsets against Administration and Research (Line M), where the administration support costs for Birmingham 2022 have been recorded (see Line R explanation in Resource DEL section above).

### **Resource AME (Voted)**

The voted Resource AME outturn as reported in these Accounts is £3,655.2m, which is £317.6m or 8.0% lower than provided in the Estimate (2019-20: £86.8m or 2.0% lower, outturn: £4,184.4m).

BBC (Line S) shows an underspend of £289.0m against a budget of £3,878.7m (2019-20: £16.3m overspend), 7.5% lower than provided at Estimates. This is due to a reduction in expenditure plans and unutilised budget cover mainly due to Covid, along with a valuation movement of financial instruments being less than originally budgeted.

There is an underspend on 'Provisions, impairments and other AME spend' (Line U) of £42.8m. This is primarily due to:

- Excess provision cover of £30.1m to manage IFRS 16 lease impairment risks;
- £12.5m relates to excess budget cover for the Victoria and Albert Museum which was held in relation to an IFRS 16 adjustment resulting from the recalculation of the initial value of a lease liability and Right-of-Use asset;
- Across the group a £0.5m underspend relating to technical accounting adjustments diverging from forecast.

The Levy bodies show an overspend of £14.2m (Line V), due to the Horserace Betting Levy Board receipts being significantly lower than forecast. This was due to a number of factors related to the global COVID-19 pandemic, with racing suspended during the year, limitations of spectator attendance, and impacts to retail income from Licensed Betting Offices closed for a considerable period.

The nature of AME spend is volatile and difficult to predict. Adequate budget cover was provided at the Supplementary Estimate based on best estimates.

## **Capital DEL**

The voted capital DEL outturn as reported in these Accounts is £935.9m, which is £265.0m, or 22.1% lower than provided in the Estimate (2019-20: £94.9m or 14.7% lower, outturn: £550.7m).

Support for the Museums and Galleries sector (Line A) shows an underspend of £5.0m. The underspend relates to the Great Exhibition Legacy Fund.

Museums and Galleries sponsored ALBs (Line B) shows an underspend of £54.8m. This was primarily attributable to a £38.5m disposal of investments by British Museum to reduce market exposure not planned for at the 2020-21 Supplementary Estimate stage. The residual underspend totalling £16.8m is due to the combined impact of freedoms bodies underspending against budget cover for the use of their own reserves, project delays due to Covid and some additional unforeseen income. This is offset by a £0.5m overspend resulting from intra-group transactions for grants issued from the National Heritage Memorial Fund to museums across estimate lines (offsetting between Lines B and I).

Libraries sponsored ALBs (Line C) shows an underspend of £4.3m relating to British Library. Of the total, £2.3m is attributable to expenditure delays on the Boston Spa renewed project and reduced heritage assets available for purchase due to Covid. A further £1.8m underspend relates to the sale and realisation of investments not forecast at the Supplementary Estimate stage.

Support for the Arts sector (Line D) shows an underspend of £14.7m. Of the underspend £16.0m relates to funding for expenditure shown against Heritage ALBs (Line I) for National Heritage Memorial Fund's Endowment fund. This is offset by £0.8m relating to reinstatement of Festival 2022's budget from Estimate Line R after the Supplementary Estimate was completed, and £0.5m overspend by the Government Art Collection.

Arts and culture ALBs (Line E) shows an underspend of £7.5m. This mostly relates to a £6.1m transfer to Science Museum Group (Line B) after the Supplementary Estimates in relation to funding for the National Railway Museum. Arts Council England also incurred underspends due to funding provided late in the year relating to Coventry City of Culture (£1.0m) and IFRS 16 related underspends (£0.4m).

Support for the Sports sector (Line F) shows an underspend of £146.1m. This predominantly relates to underspends against the Covid Support fund for the Sports Winter Survival Package (£145.4m). A further £0.7m relates to underspends in relation to Sports Sector Support Loans which were deferred into 2021-22.

Sport sponsored ALBs (Line G) show an underspend of £4.1m. This underspend was driven by UK Anti-Doping's move to a new building in Loughborough being delayed until 2022-23. Other accounting adjustments drove small underspends across other Sports bodies.

Heritage sponsored ALBs (Line I) shows an overspend of £26.6m. £10.7m is driven by National Heritage Memorial Fund due to additional income resulting from the real value received from dissolving the National Heritage Memorial Fund's endowment fund being £18.4m in excess of the value stated on the Statement of Financial Position. The endowment fund was reinvested and the £18.4m surplus was scored as unbudgeted Capital DEL expenditure, partially offset by £7.7m underspends on small capital programmes. A further £16.0m relates to the budget held under Line D for delivery of the Covid Culture Recovery Fund which was transferred to the National Heritage Memorial Fund under this Estimate Line after completion of the 2020-21 Supplementary Estimates. This is offset by £0.5m underspend resulting from intra-group transactions across estimate lines (offsetting with Line B - see above). The remaining difference is driven by Historic England accounting adjustments relating to leases and dilapidations.

Support for the Broadcasting and Media sector (Line K) shows an underspend of £16.4m, the majority of which is due to delivery delays on the Local Full Fibre Networks and Rural Gigabit Connectivity programme (£12.0m) and unutilised 700MHz funding (£3.8m). A further £2.5m underspend relates to Digital and Tech Policy delivery which was repurposed and associated spend was scored against Estimate Line M. These underspends were partially offset by a £2.1m overspend on the 5G programme.

Broadcasting and Media sponsored ALBs (Line L) shows an underspend of £5.0m. £4.4m relates to an underspend in the 700MHz programme managed by Ofcom. This is as a result of the national lockdown for Covid in the final quarter of 2020-21, restricting access to mast clearance sites which has caused slippage of activity into 2021-22. £0.3m relates to Information Commissioner's Office projects and accommodation where delivery was delayed due to Covid. A further £0.4m underspend relates to the accounting treatment of fitout expenditure linked to S4C's co-location project with BBC and IFRS 16 related adjustments.

Administration and Research (Line M) shows an underspend of £24.4m due to a £16.8m accounting credit as a result of a technical modification to the accounting treatment for the lease for DCMS's headquarters in 100 Parliament Street. The remaining balance relates to budget not required for potential accounting adjustments for leases across the wider DCMS group under the IFRS 16 accounting standard.

Office for Civil Society (Line P) shows an underspend of £5.0m. A £5.4m underspend relates to loan repayment receipts provided by the Future Builders Programme not included in the 2020-21 Supplementary Estimate position. This is offset by an overspend on the Northern Cultural Regeneration Fund.

National Citizen Service (Line Q) shows an underspend of £3.7m. Budget was provided at the Supplementary Estimate stage to cover the capital costs of a proposed building lease under IFRS 16. Instead, the NCS Trust opted to enter into a shorter term agreement that did not meet the criteria for capitalisation under IFRS 16 resulting in an underspend.

### **Capital AME (Voted)**

The voted capital AME outturn as reported in these Accounts is £57.7m, which is £392.0m, or 87.2% lower than provided in the Estimate (2019-20: £172.9m or 14.5% lower, outturn: £1,017.5m).

BBC (Line S) shows an underspend of £268.1m. Of this, £210.4m relates to an unutilised cover for the borrowing and lease requirements of BBC's commercial subsidiaries. The budget cover request was based on the prudent estimate using the full headroom available. The remainder is mainly due to £61.2m of loan repayments.

Channel Four Television (Line T) shows an underspend of £123.9m. This is mainly due to the unutilised cover for borrowing of £125.0m. The budget cover request was based on the prudent estimate of Channel Four using the full headroom available.

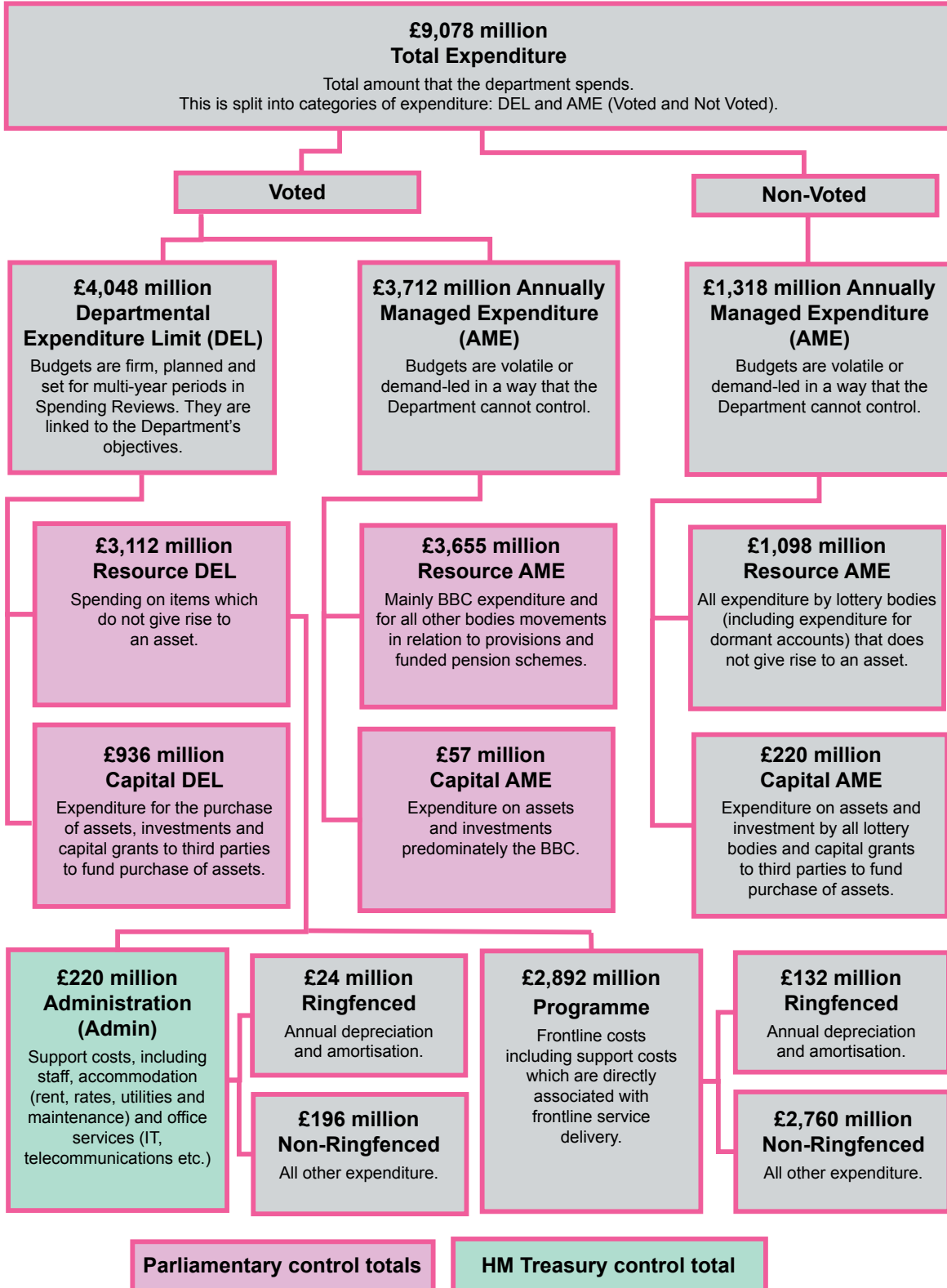
### **Non-voted resource and capital expenditure (AME)**

This relates to the Lottery Distributing Bodies only. The non-voted resource AME expenditure and the non-voted capital AME expenditure as reported in these Accounts is £1,097.7m and £220.1m respectively.

Non-voted resource outturn on Lottery grants was £166.0m lower (2019-20: £107.7m lower) than estimated; and capital outturn was £23.0m higher (2019-20: £59.1m higher) than estimated. The nature of Lottery grant-making is variable, demand led and makes forecasting challenging, which is recognised by its classification within the AME budget.

## Financial Review

Each year Parliament approves the total funds available to the Department to spend against specific objectives (within agreed budgetary limits). It is against these limits that the Department, as guided by HM Treasury’s spending control framework, is held accountable for its performance and the use of taxpayers’ funds. The diagram below explains the different budgets managed by the Department, their purpose and the outturn:





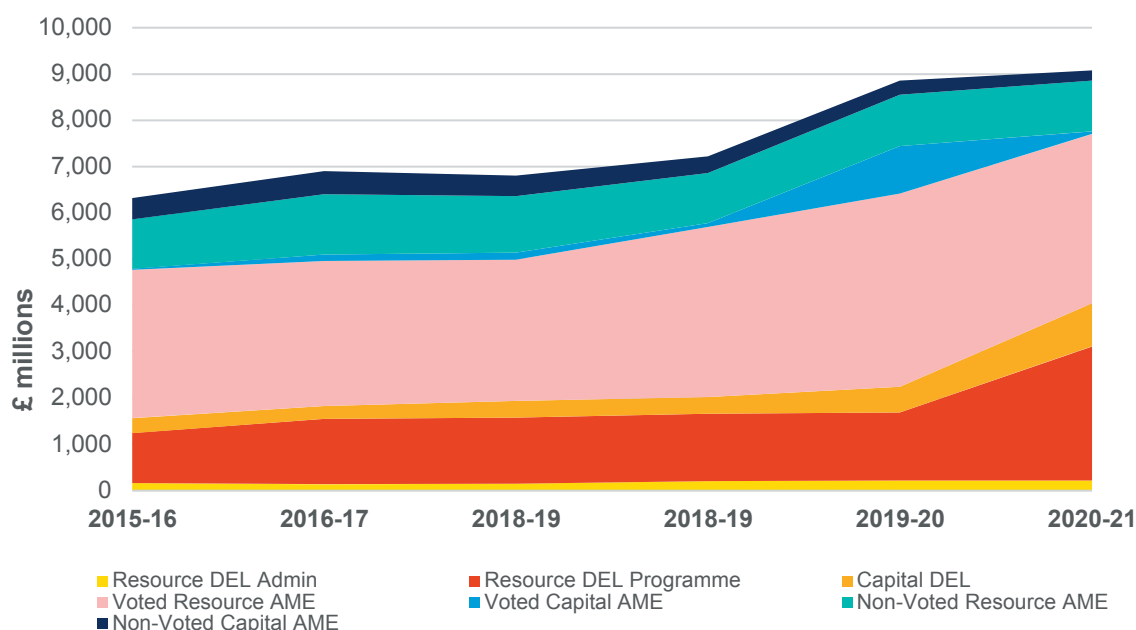
## Trends in Total Expenditure over the last six years

The table below<sup>37</sup> shows the Department's outturn by budget type for current and prior years:

| Type of spend                        | 2015-16<br>outturn<br>£m | 2016-17<br>outturn<br>£m | 2017-18<br>outturn<br>£m | 2018-19<br>outturn<br>£m | 2019-20<br>outturn<br>£m | 2020-21<br>outturn<br>£m* |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| <b>Voted DEL</b>                     |                          |                          |                          |                          |                          |                           |
| Resource DEL Admin                   | 211                      | 192                      | 190                      | 206                      | 215                      | 220                       |
| Resource DEL Programme               | 1,082                    | 1,407 <sup>38</sup>      | 1,427                    | 1,453                    | 1,475                    | 2,892 <sup>39</sup>       |
| Capital DEL                          | 328                      | 275                      | 351                      | 366                      | 551                      | 936 <sup>39</sup>         |
| <b>Total Voted DEL</b>               | <b>1,621</b>             | <b>1,874</b>             | <b>1,968</b>             | <b>2,025</b>             | <b>2,241</b>             | <b>4,048</b>              |
| Non-Voted Resource DEL Admin         | (52)                     | (50)                     | (33)                     | -                        | -                        | -                         |
| <b>Total Voted and Non-Voted DEL</b> | <b>1,569</b>             | <b>1,824</b>             | <b>1,935</b>             | <b>2,025</b>             | <b>2,241</b>             | <b>4,048</b>              |
| <b>Voted AME</b>                     |                          |                          |                          |                          |                          |                           |
| Resource AME                         | 3,201                    | 3,139                    | 3,051                    | 3,666 <sup>40</sup>      | 4,184 <sup>41</sup>      | 3,655                     |
| Capital AME                          | 20                       | 141                      | 156                      | 94                       | 1,017 <sup>41</sup>      | 57                        |
| <b>Total Voted AME</b>               | <b>3,221</b>             | <b>3,280</b>             | <b>3,207</b>             | <b>3,760</b>             | <b>5,201</b>             | <b>3,712</b>              |
| <b>Non-Voted AME</b>                 |                          |                          |                          |                          |                          |                           |
| Resource AME                         | 1,070                    | 1,295                    | 1,214                    | 1,072                    | 1,111                    | 1,098                     |
| Capital AME                          | 454                      | 504                      | 449                      | 359                      | 309                      | 220                       |
| <b>Total Non-Voted AME</b>           | <b>1,524</b>             | <b>1,799</b>             | <b>1,663</b>             | <b>1,431</b>             | <b>1,420</b>             | <b>1,318</b>              |
| <b>Total Voted and Non-Voted AME</b> | <b>4,745</b>             | <b>5,079</b>             | <b>4,870</b>             | <b>5,191</b>             | <b>6,621</b>             | <b>5,030</b>              |
| <b>Total Expenditure</b>             | <b>6,314</b>             | <b>6,903</b>             | <b>6,805</b>             | <b>7,216</b>             | <b>8,862</b>             | <b>9,078</b>              |

\* Figures rounded to nearest £m so may not round to SOPS table exactly.

### Total Voted and Non-Voted Expenditure by budget type:



37 All figures are presented as reported in the Statement of Outturn against Parliamentary Supply in those years' accounts. They have not been adjusted for any restatements arising from non-budgetary prior period adjustments, Machinery of Government changes or errors. See Annex A Core Tables for more information on trends including the 21-22 Plans year.

38 Includes £256m for Office for Civil Society not included in prior years (Machinery of Government Change transfer from the Cabinet Office).

39 The increase in Resource and Capital DEL is largely attributable to the COVID-19 support packages issued this year (loans and grants).

40 This increase in Resource AME is largely attributable to the BBC (£320m), mainly due to the decrease in income received from DWP for over 75 TV licences, and increased expenditure relating to sports (FIFA World Cup, Commonwealth Games) and music (The Biggest Weekend, BBC Sounds). In addition, Ofcom accounts for £232m, being the creation of a provision in respect of the Annual Licence Fee legal case.

41 The increase in Resource and Capital AME is largely attributable to the implementation of IFRS 16 (BBC being a major component).

## STATEMENT OF FINANCIAL POSITION COMMENTARY

### DCMS Group Statement of Financial Position: Assets

The table below shows material asset classes included in the Statement of Financial Position.

| Statement of Financial Position     | 2018-19<br>£'000  | 2019-20<br>£'000  | 2020-21<br>£'000  | 2018-19<br>% of assets | 2019-20<br>% of assets | 2020-21<br>% of assets |
|-------------------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|------------------------|
| <b>Assets</b>                       |                   |                   |                   |                        |                        |                        |
| Property, plant and equipment       | 7,310,330         | 6,447,046         | 6,370,402         | 47%                    | 41%                    | 36%                    |
| Right of use assets                 | -                 | 1,401,950         | 1,217,328         | 0%                     | 9%                     | 7%                     |
| Heritage assets                     | 1,644,230         | 1,747,102         | 1,809,545         | 11%                    | 11%                    | 10%                    |
| Non-current and current receivables | 1,182,564         | 1,261,083         | 1,460,858         | 8%                     | 8%                     | 8%                     |
| Intangible Assets                   | 65,642            | 67,160            | 84,860            | 0%*                    | 0%*                    | 0%*                    |
| Inventories                         | 181,614           | 172,163           | 218,612           | 1%                     | 1%                     | 1%                     |
| Cash and cash equivalents           | 2,195,426         | 2,017,498         | 3,679,643         | 14%                    | 13%                    | 21%                    |
| Other assets                        | 2,926,393         | 2,502,779         | 3,057,697         | 19%                    | 16%**                  | 17%                    |
| <b>Total assets</b>                 | <b>15,506,199</b> | <b>15,616,781</b> | <b>17,898,945</b> | <b>100%</b>            | <b>100%</b>            | <b>100%</b>            |

\* the assets %'s included above have been rounded

\*\* this percentage has been rounded up so totals cast

Whilst the percentage split across asset classes has been consistent across the years, the year on year variances are a result of a number of different factors for each asset class, most notably the adoption of IFRS 16 - *Leases*.

#### 1. Property, plant and equipment (PPE)

The most significant reasons for the decreasing value of PPE are:

- The net book value of land and buildings has reduced by £15m largely as a result of increased additions of £26m made in the year (notably £12m at the Science Museum) and being offset by higher depreciation charge of £91m for assets revalued in the prior year (notably at the BBC, Victoria and Albert Museum and the British Museum).
- The net book value of plant and machinery has reduced by £36m largely as a result of depreciation with most other movements being comparable to prior year, other than revaluations (£7m loss in the current year), which were higher in the prior year (£47m gain).

Total additions in the year were £182m (2019-20: £213m) which were offset by a depreciation charge in year of £247m (2019-20: £238m). A high proportion of the additions (£88m) relate to assets under construction by the museums and galleries (not including the British library) that have been undertaking various capital projects during the year. A high proportion of the additions (£25m) and the depreciation charge (£90m) for the year relates to the BBC.

Of the total PPE, the museums and galleries hold £4,670m (2019-20: £4,682m) whilst the British Library holding is £891m (2019-20: £885m) and the BBC holding is £485m (2019-20: £554m).

#### 2. Right of use assets (ROU assets)

The net book value of this balance has decreased by £185m during the year. Additions in the year were £90m relating mainly to £37m by the BBC and £22m for the DCMS core in relation to an additional lease for the Old Admiralty Building. These were offset by downward revaluations of £68m, and impairments of £58m, most of which related to the BBC (£86m downward revaluation and £44m impairment) as well as transfers to PPE.

Of the total ROU assets, the BBC holding is £886m and the Museums and Galleries hold £180m.

### 3. Heritage assets

The DCMS Group is tasked with preserving the Nation's heritage and are therefore custodians of a large number of heritage assets, which are held for their contribution to knowledge and culture. Many of the heritage assets (notably those held at March 2001) have not been valued, since the costs of doing so are not commensurate with the benefits.

The year on year increase in the value of heritage assets is attributable to additions (often funded by cash donations to fund acquisition), donations and upward revaluations.

The majority of heritage assets are not depreciated as the length of their expected useful economic life is considered close to infinite. As a result, the expectation is that the value of DCMS' holding of heritage assets will continue to increase year on year. In addition to the museums and galleries holding of £1,381m (2019-20: £1,330m), heritage assets are also held by DCMS core, Arts Council England, the British Library and Historic England.

### 4. Non-current and current receivables

Most balances under this heading are comparable to prior years with the main components being prepayments (£702m) and other receivables (£467m). The majority of the receivable balances are due to the BBC (£1,000m) and accounts for £142m of the £199m increase in these balances. £137m of the overall increase in BBC's prepayments is due to production delays because of COVID-19, where rights have been prepaid for events that have not taken place during the year.

### 5. Intangible assets

The BBC held £55m of intangible software licences as at 31 March 2021 (31 March 2020: £48m). During the year BBC and the core department acquired £15m and £11m of software and licences respectively, which accounts for the increase in intangible assets during the year.

### 6. Inventories

The BBC holds the majority of the group's inventories, valued at £195m (2019-20: £147m). This relates to programmes that either are in production or have not been aired yet.

### 7. Cash

£1,075m of the group cash balance (2019-20: £1,137m) was held by Lottery Distributing Bodies (in the National Lottery Distribution Fund) and as such only available to fund lottery grants (see payables below).

The increase in the cash and cash equivalents balances is mainly due to the Government Banking Service figure for DCMS core increasing from £20.1m in 2019-20, to £1,301m in 2020-21. This was driven by anticipated funds drawn down before the year end to cover the various COVID-19 support packages, for which a Contingencies Fund Advance was secured in February 2021. Royal Assent was only provided in March to pay this back; whilst this was paid back before the year end, the cash balance was higher than normal due to the late confirmation of Royal Assent (meaning a timing difference between outgoing payments).

### 8. Other assets

The BBC holds the majority of the Group's other assets. This primarily relates to the BBC's investments in subsidiaries of £1,599m which increased by £306m during the year. This upwards revaluation primarily reflects the recovery seen at the end of 2020-21 from COVID-19 impacts. The derivative balance of £357m, relates to the refinancing of New Broadcasting House. There are also other loans held by the BBC to its subsidiaries (£202m); the loans outstanding vary based on the borrowing requirements of public corporations.

Also included in this balance are the loan book of the Cultural Recovery Fund, Sport Survival Package and Rugby Football League emergency loans in DCMS core. New loans of £370m were issued during the year and they were discounted using HM Treasury discount rate of 3.7%. The outstanding loan amount as at 31 March 2021 was £313m.

### DCMS Group Statement of Financial Position: Liabilities

The table below shows material liability classes included in the Statement of Financial Position.

| Statement of Financial Position | 2018-19<br>£'000   | 2019-20<br>£'000   | 2020-21<br>£'000   | 2018-19<br>% of liabilities | 2019-20<br>% of liabilities | 2020-21<br>% of liabilities |
|---------------------------------|--------------------|--------------------|--------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Liabilities</b>              |                    |                    |                    |                             |                             |                             |
| Non-current payables            | (2,332,872)        | (1,313,191)        | (1,214,767)        | 36%                         | 20%                         | 14%                         |
| Current payables                | (2,510,446)        | (2,486,643)        | (4,177,233)        | 38%                         | 37%                         | 50%                         |
| Provisions                      | (481,834)          | (243,090)          | (208,161)          | 7%                          | 3%                          | 2%                          |
| Lease Liabilities               | -                  | (2,187,018)        | (2,108,712)        | 0%                          | 33%                         | 25%                         |
| Pensions                        | (704,221)          | 98,246             | (88,504)           | 11%                         | -1%                         | 1%                          |
| Other liabilities               | (553,224)          | (563,833)          | (618,227)          | 8%                          | 8%                          | 8%*                         |
| <b>Total liabilities</b>        | <b>(6,582,597)</b> | <b>(6,695,529)</b> | <b>(8,415,604)</b> | <b>100%</b>                 | <b>100%</b>                 | <b>100%</b>                 |

\* the liabilities %'s included above have been rounded up so totals cast

#### 9. Non-current and current payables

Non-current payables reflect the fact that many of the Lottery Distributing Bodies grants payable are used to fund projects that take several years to complete.

£1,271m of the increase in current payables relates to the core department supply payable, being Parliamentary funding drawn down which has not been spent within the year. The increase reflects the anticipated funds drawn down before year-end to cover the various COVID-19 support packages, for which a Contingencies Fund Advance was secured. This was paid back before the year end but the cash balance (and therefore supply payable) was higher than normal due to the timing of confirmation of Royal Assent for the Contingencies Fund advance repayment (see cash section above).

The COVID-19 rescue support packages offered to various ALBs have increased the overall grants payable, which contributed to the increase in current payables.

Of the total current government grant payables, £1,026m (2019-20: £1,144m) relates to the Lottery Distributing Bodies (LDBs), whilst these same bodies' share of non-current government grant payables is £1,000m (2019-20: £1,282m). Current payables of LDBs are generally covered by their cash holdings (see point 7 above).

#### 10. Lease liabilities

The main components of this balance are the BBC (£1,695m), DCMS core department (£125m) and the Victoria and Albert Museum (£124m). Most of the decrease is due to the expiry of existing leases, rental payments on existing leases and fewer new leases taken out in the year.

#### 11. Pensions

The change to a net pension liability is largely driven by a reduction in the BBC pension asset by £57m, along with an increase in the pension liabilities for UK Sport and BFI by £52m and £33m respectively.

#### 12. Other liabilities

The balance relates almost entirely to the BBC. The increase of £54m primarily relates to a £47m upward revaluation of the BBC's derivatives, due to the refinancing of New Broadcasting House.

## PARLIAMENTARY ACCOUNTABILITY DISCLOSURES

Regularity of expenditure (this section is subject to audit).

### Losses

|         | Core department |        | Departmental group |        |
|---------|-----------------|--------|--------------------|--------|
|         | Cases           | Amount | Cases              | Amount |
|         |                 | £'000  |                    | £'000  |
| 2020-21 | 199             | 315    | 382                | 9,624  |
| 2019-20 | 3               | 2,143  | 371                | 11,499 |

Details of losses over £300k for 2020-21:

The Core Department incurred store losses of £315k which relate to the theft of 199 laptops. As a result, internal controls in this area have been strengthened and preventative measures have been put in place. There was no data loss associated with this incident.

The National Citizen Service (NCS) incurred a constructive loss of £7,450k. The Summer 2020 NCS Trust Programme was officially cancelled on 7 April 2020, at which point the NCS had paid out £3,600k worth of deposits to 44 accommodation venues. Due to Procurement Policy Note 02/20 and contractual obligations, the deposits hold no value and are being treated as non-refundable.

Three other accommodation suppliers were also due to receive the balance of their deposits in March but these were held back due to COVID-19 and the subsequent lockdown. In accordance with contractual terms, HMT advised that the additional obligations of £3,800k should also be honoured.

The British Tourist Authority incurred a fruitless payment of £363k to media suppliers in relation to the domestic Escape the Everyday domestic campaign. The campaign had to be switched off due to lockdown.

### Special Payments

|         | Core department |        | Departmental group |        |
|---------|-----------------|--------|--------------------|--------|
|         | Cases           | Amount | Cases              | Amount |
|         |                 | £'000  |                    | £'000  |
| 2020-21 | 3               | 219    | 54                 | 1,749  |
| 2019-20 | -               | -      | 59                 | 3,732  |

There were no individual special payments in excess of £300k for 2020-21.

### Gifts

There were no gifts made by the group that were in excess of £300k for 2020-21 or 2019-20.

The Government Art Collection (GAC) received a pledge of a gift in 2018-19 of £500k from Sybil Robson Orr and Matthew Orr, which will be paid over a number of years. This is to be used to fund the 10Ten Project which is a collaboration between the GAC and Outset Contemporary Art Fund through which a British artist will be commissioned to create a unique image to become a limited edition print of 30, 15 of which will be accessioned to the GAC. From the remaining 15 prints, 11 will be available for purchase via Outset Contemporary Art Fund to support GAC acquisitions.



## Remote contingent liabilities

### Remote contingent liabilities arising through financial guarantees, indemnities and letters of comfort – Quantifiable

Details of contingent liabilities as defined by IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* are included in the financial accounts (see note 24).

In addition, the Department has entered into the following quantifiable guarantees or indemnities. None of these are contingent liabilities within the meaning of IAS 37 since the likelihood of a transfer of economic benefit in settlement is too remote.

Managing Public Money requires that the full potential costs of such contracts be reported to Parliament, details of these costs are reproduced in the table below.

|   | 1 April 2020   | Increase/<br>(Decrease) in<br>year | Liabilities<br>crystallised in<br>year | Obligation<br>expired in<br>year | 31 March<br>2021 | Amount<br>reported to<br>Parliament by<br>Departmental<br>Minute |
|---|----------------|------------------------------------|--|----------------------------------|------------------|--|
|   | £m             | £m                                 | £m                                     | £m                               | £m               | £m   |
| <b>Guarantees</b>                                 |                |                                    |  |                                  |                  |  |
| Borrowing facility for Historic Royal Palaces     | 4.0            | -                                  | -                                      | -                                | 4.0              | 4.0  |
| <b>Indemnities</b>                                |                |                                    |  |                                  |                  |  |
| Government Indemnity Scheme                       | 7,849.6        | (2,610.1)                          | -                                      | -                                | 5,239.5          | 5,239.5  |
| Artworks on loan from the Royal Collection        | 302.7          | (57.4)                             | -                                      | -                                | 245.3            | 245.3  |
| Artworks on loan to the Government Art Collection | 11.6           | -                                  | -                                      | -                                | 11.6             | -  |
| <b>Totals</b>                                     | <b>8,167.9</b> | <b>(2,667.5)</b>                   | <b>-</b>                               | <b>-</b>                         | <b>5,500.4</b>   | <b>5,488.8</b>   |

#### Guarantees

The £4m guarantee for Historic Royal Palaces (HRP) in the table above is available until September 2021 and HRP will only enter into borrowing facilities at such times and within such monetary limits that the Department shall agree.

On 13 May 2020, HM Treasury approved a further guarantee to underpin a new £26.0m borrowing facility for HRP. The guarantee is for 80% of borrowing up to £20.8m. However, HRP decided not to take up the loan guarantee and instead were awarded a loan through the Cultural Recovery Fund.

#### Indemnities

The Government Indemnity Scheme (GIS) indemnifies lenders to museums, galleries and other institutions in the UK when mounting exhibitions or taking long-term loans for either study or display. It is a statutory liability totalling £5.2bn (2020: £7.8bn).

The change in contingent liabilities arising from these indemnity schemes is driven by the number and value of the works of art on loan and those on long term loan, which changes from year to year.

The decrease of £2.6bn is due to COVID-19 and museums and galleries closure in line with Government restrictions.

The GIS indemnities reported here exclude loans to Scottish and Welsh museums, the indemnities for which are issued in the name of the Scottish and Welsh Ministers respectively.

There are also non-statutory liabilities for indemnities granted in respect of works of art on loan from the Royal Collection totalling £245.3m (31 March 2020: £302.7m).

There is also an indemnity scheme amounting to £11.6m for items on loan to the Government Art Collection (31 March 2020: £11.6m).

### *BT pension scheme*

When BT was privatised in 1984 the government gave a guarantee (contained in the Telecommunications Act 1984) in respect of certain liabilities of the privatised company. Following High Court and Court of Appeal proceedings on the terms and scope of the Crown Guarantee, which would only apply if BT were to enter insolvent winding-up, the contingent liability is approximately the size of the BT pension scheme (BTPS) deficit. The last triennial actuarial valuation of the pension scheme as at 30 June 2020 valued the deficit at £7.98bn. BT has closed the BTPS for future accruals of benefit from 1 June 2018, as a result the liabilities covered by the Crown guarantee will be limited to those relating to benefits accrued before that date (together with indexing and any legally-required increments). These liabilities remain with BT plc and so legislation is no longer required on the scope of the guarantee. The contingent liability largely consists of the considerable deficit on the BTPS fund but, providing BT takes steps to reduce that, possible growth in the liability should now be limited.

### *British Tourist Authority (BTA) pension guarantee*

The BTA, trading as VisitEngland and VisitBritain, has operated a defined benefit pension scheme for the benefit of its employees since it was created by the Development of Tourism Act 1969. To ensure a strong covenant rating and avoid a substantial increase in the BTA's annual contributions to service the scheme, the government has issued a guarantee to cover the shortfall between the scheme's assets and its liabilities should the BTA close down. The shortfall is currently estimated at £1m in today's prices and this is likely to decrease with time because the BTA section of the scheme was closed to future benefit accrual on 31 March 2020.

### *Tate Gallery*

This is a property law claim (nuisance) brought by certain neighbouring residents of the Neobankside development adjacent to Tate Modern, whereby they have sought an injunction to prevent Tate from using a section of the viewing platform on Level 10 of the Blavatnik Building at Tate Modern which has been open to the public since 17 June 2016. The matter first went to trial in the High Court in October 2018 where Tate won the case and was awarded costs. The claimants appealed and the matter went to the Court of Appeal where Tate won again. The claimants have since appealed to the Supreme Court and the matter will be heard over a two-day trial in December 2021. Whilst Tate has a good prospect of success at the Supreme Court, having won the case twice before, the outcome at this stage of legal proceedings is less accurate to predict as the Supreme Court has the ability to overturn previous decisions. There is a possibility of Tate losing the trial and the risk of an order for full reversal of costs made against Tate. The estimated quantifiable liability is £1.5m.

### *British Museum*

The British Museum is required to sign a section 278 agreement with Wokingham Borough Council in relation to works on the public highway required as part of a project to construct the new British Museum Archaeological Research Collection facility in Shinfield, in partnership with University of Reading. As part of the agreement, the Council requires a bond to guarantee the performance of the obligations for the highways works. Early in 2020-21, they therefore entered into a performance bond (issued by NatWest) for £0.4m.

### *Letters of Comfort*

The Department does not have any quantifiable letters of comfort.

### **Unquantifiable remote contingent liabilities**

The group has entered into the following unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort. None of these are a contingent liability within the meaning of IAS 37, since the likelihood of a transfer of economic benefits in settlement is too remote.

## Department

### *Olympic Delivery Authority (ODA)*

Upon dissolution of the ODA on 2 December 2014, the following contingent liabilities passed to DCMS:

- In order to facilitate the redevelopment of the Olympic Park, the ODA relocated the railway siding at Thornton's Field to Orient Way. There is a contingent liability of up to £10m for one third of the cost of constructing new railway sidings at Lea Interchange should Eurostar exercise its right from 30 June 2023 to take back the railway sidings at Orient Way which are currently leased to the Secretary of State for Transport. This liability cannot be quantified reliably as it falls so far into the future and there is no certainty repossession will happen.
- The ODA procured the design, construction and maintenance of the Lee Valley Hockey and Tennis Centre at Eton Manor. The Lawn Tennis Association agreed to provide funding of £0.5m to the ODA as a contribution towards the capital cost of building the facility. Lee Valley Regional Park Authority (LVRPA), the Tennis Foundation and the Lawn Tennis Association have entered into a separate agreement for the operation of the facility by LVRPA. That agreement includes a claw back provision to allow the funders to recover funding in the event that LVRPA were to terminate the agreement, which LVRPA is only permitted to do after a period of 5 years from public opening of the facility. The claw back liability of LVRPA will reduce over time from year 5 to year 10, and it will be extinguished after year 10 in 2024. The ODA agreed to reimburse LVRPA 30% of any claw back liability that may become payable by LVRPA in the unlikely event that LVRPA were to terminate the operation of the facility between year 5 and year 10.

### *Jubilee Gardens*

The Department has given an indemnity to Arts Council England and the Southbank Centre Limited with respect to certain liabilities owed by Shirayama Shokusan Company Limited (SSCL), the owners of County Hall. This indemnity covers any costs to be incurred by SSCL in replacing Jubilee Gardens should SSCL make use of their sub-soil lease beneath the Garden to build an underground car park. SSCL require an indemnity to cover the cost of reinstating the gardens in their new form. The cost of this is estimated at around £2m and is not time-limited. The risk of the indemnity being called upon is low as there is currently no intention to build such a car park, and the likelihood of obtaining planning permission is low. A Treasury Minute was laid on 26 April 2011 explaining the contingent liabilities in respect of the proposed development. The term of the sub-soil lease is 999 years from 1993 running to 2992 and the parties to the sub-lease could agree to extend it beyond that.

### *Production Restart Scheme*

This compensation scheme was created to restart UK film and TV production and aid economic recovery of this important sector, by addressing the market failure of the unavailability of COVID-19 insurance for productions. As such government has a remote contingent liability for the maximum total exposure. The scheme limit is £500m and will close to new registrations by 31 October 2021. The amounts claimed but not provided for are disclosed in the notes to the Accounts (note 24 Contingent assets and liabilities).

## Fees and Charges

In 20-21, the Department collected £9.7m of fee income from applications to the Production Restart Scheme. The core department did not provide any other services for which it charges fees to the general public.

## Signed and approved

**Sarah Healey**  
**Accounting Officer and Permanent Secretary**  
10 December 2021

# The Certificate and Report of the Comptroller and Auditor General to the House of Commons

## Opinion on financial statements

I certify that I have audited the financial statements of the Department for Digital, Culture, Media and Sport and of its Departmental Group for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The Department comprises the core Department for Digital, Culture, Media and Sport only. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) (Amendment) (No.2) Order 2020. The financial statements comprise: the Department's and Departmental Group's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the Statement of Outturn against Parliamentary Supply (SOPS) and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the Department's and the Departmental Group's affairs as at 31 March 2021 and of the Department's and Departmental Group's net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn against Parliamentary Supply (SOPS) properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2021 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Department and Departmental Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Department and Departmental Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Department and Departmental Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Department and Departmental Group is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

### **Other Information**

The other information comprises information included in the Annual Report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Department and Departmental Group and its environment obtained during the course of the audit, I have not identified material misstatements in the Performance and Accountability Report. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.



## Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Department and Departmental Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Department and Departmental Group will not continue to be provided in the future.

## Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and Departmental Group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and Departmental Group's controls relating to the Government Resources and Accounts Act 2000, Managing Public Money and the Supply and Appropriation (Anticipation and Adjustments) Act 2021.
- discussing among the engagement team including significant component audit teams and involving relevant internal and/or external specialists, including relevant internal specialists from the Error and Fraud Practice regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and the COVID-19 support schemes (loans and grants);
- obtaining an understanding of the Department and Departmental Group's framework of authority as well as other legal and regulatory frameworks that the Department and Departmental Group operate in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Department and Departmental Group. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, the Supply and Appropriation (Anticipation and Adjustments) Act 2021, employment legislation and relevant tax legislation.

- obtaining an understanding of how the COVID-19 pandemic affected the Department's control environment and identifying where measures taken in response may have resulted in an increased risk of fraud in expenditure and loans issued by the Department.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- confirming that the Department and Departmental Group has reasonable assurance (including from third-party assurance providers) over the level of fraud within, and that, the COVID-19 support schemes have, in all material respects, been used for the purposes intended by Parliament.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal and external specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply (SOPS) properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date:** 14 December 2021

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

|  | Note | 2020-21          |                    | 2019-20          |                    |
|--|------|------------------|--------------------|------------------|--------------------|
|  |      | Core department  | Departmental group | Core department  | Departmental group |
|  |      | £'000            | £'000              | £'000            | £'000              |
| Staff costs  | 3    | 115,854          | 2,300,840          | 87,094           | 2,134,856          |
| Grants and subsidies to sponsored bodies   | 4.1  | 6,172,214        | 10,850             | 5,090,004        | 13,151             |
| Other grants   | 4.2  | 679,804          | 3,868,766          | 295,040          | 2,334,997          |
| Purchase of goods and services   | 4.3  | 73,602           | 440,511            | 50,337           | 574,146            |
| Depreciation, amortisation, impairment charges and expected credit loss adjustments                      | 4.4  | 5,777            | 438,102            | 109,960          | 990,652            |
| Provisions expense   | 4.5  | 2,586            | 138,745            | -                | 136,034            |
| Finance cost   | 4.6  | 2,649            | 63,231             | 2,729            | 64,927             |
| Other operating expenditure  | 4.6  | 37,540           | 2,275,986          | 44,221           | 2,874,842          |
| <b>Total operating expenditure</b>   |      | <b>7,090,026</b> | <b>9,537,031</b>   | <b>5,679,385</b> | <b>9,123,605</b>   |
| Income from contracts with customers   | 5.1  | (44,361)         | (474,665)          | (43,186)         | (614,601)          |
| Current grant income   | 5.1  | (99,169)         | (225,963)          | (93,778)         | (191,375)          |
| Other operating income   | 5.2  | (2,977)          | (2,135,405)        | (14,704)         | (2,512,125)        |
| <b>Total operating income</b>  |      | <b>(146,507)</b> | <b>(2,836,033)</b> | <b>(151,668)</b> | <b>(3,318,101)</b> |
| <b>Net expenditure for the year</b>  |      | <b>6,943,519</b> | <b>6,700,998</b>   | <b>5,527,717</b> | <b>5,805,504</b>   |
| <b>Other comprehensive net expenditure</b>   |      |                  |                    |                  |                    |
| Items which will not be reclassified to net operating expenditure:                                       |      |                  |                    |                  |                    |
| Net (gain)/loss on:  |      |                  |                    |                  |                    |
| - revaluation of property, plant & equipment, intangible assets, heritage assets and right of use assets |      | (15,824)         | 58,773             | (7)              | 224,262            |
| - pension remeasurements   | 22.1 | -                | 233,040            | -                | (904,542)          |
| Items which may be reclassified to net operating expenditure:  |      |                  |                    |                  |                    |
| Net (gain)/loss on:  |      |                  |                    |                  |                    |
| - impairments  |      | -                | 10,014             | -                | -                  |
| - other revaluations including financial assets through OCI  |      | -                | (354,135)          | -                | 327,531            |
| <b>Total other comprehensive net expenditure</b>   |      | <b>(15,824)</b>  | <b>(52,308)</b>    | <b>(7)</b>       | <b>(352,749)</b>   |
| <b>Total comprehensive expenditure for the period</b>  |      | <b>6,927,695</b> | <b>6,648,690</b>   | <b>5,527,710</b> | <b>5,452,755</b>   |

All operations relate to continuing activities.

The notes on pages 115 to 193 form part of these accounts.

## Consolidated Statement of Financial Position as at 31 March 2021

|  | Note | 31 March 2021      |                    | 31 March 2020    |                    |
|--|------|--------------------|--------------------|------------------|--------------------|
|  |      | Core department    | Departmental group | Core department  | Departmental group |
|  |      | £'000              | £'000              | £'000            | £'000              |
| <b>Non-current assets</b>  |      |                    |                    |                  |                    |
| Property, plant & equipment  | 6    | 30,119             | 6,370,402          | 29,853           | 6,447,046          |
| Right of use assets  | 7    | 42,416             | 1,217,328          | 22,706           | 1,401,950          |
| Heritage assets  | 8    | 16,415             | 1,809,545          | 15,680           | 1,747,102          |
| Intangible assets  | 9    | 10,970             | 84,860             | 435              | 67,160             |
| Contract assets  |      | -                  | 16,514             | -                | 13,574             |
| Investment properties  | 10   | -                  | 28,150             | -                | 33,001             |
| Trade and other receivables*   | 16   | 989                | 206,870            | 2,609            | 215,540            |
| Investments in associates and joint ventures                         | 12   | -                  | 35,328             | -                | 32,166             |
| Other financial assets   | 13   | 358,068            | 2,722,089          | 49,915           | 2,098,395          |
| <b>Total non-current assets</b>                                      |      | <b>458,977</b>     | <b>12,491,086</b>  | <b>121,198</b>   | <b>12,055,934</b>  |
| <b>Current assets</b>  |      |                    |                    |                  |                    |
| Assets classified as held for sale                                   |      | -                  | 3,600              | -                | 40                 |
| Contract assets  |      | -                  | 5,350              | -                | 1,136              |
| Inventories  | 15   | -                  | 218,612            | -                | 172,163            |
| Trade and other receivables*   | 16   | 82,690             | 1,253,988          | 50,600           | 1,045,543          |
| Other financial assets   | 13   | 7,098              | 246,666            | 2,835            | 324,467            |
| Cash and cash equivalents  | 17   | 1,303,586          | 3,679,643          | 24,467           | 2,017,498          |
| <b>Total current assets</b>  |      | <b>1,393,374</b>   | <b>5,407,859</b>   | <b>77,902</b>    | <b>3,560,847</b>   |
| <b>Total assets</b>  |      | <b>1,852,351</b>   | <b>17,898,945</b>  | <b>199,100</b>   | <b>15,616,781</b>  |
| <b>Current liabilities</b>   |      |                    |                    |                  |                    |
| Trade and other payables   | 18   | (1,541,855)        | (4,177,233)        | (160,850)        | (2,486,643)        |
| Contract liabilities   |      | -                  | (5,900)            | -                | (2,189)            |
| Provisions   | 19   | (2,586)            | (145,972)          | (32)             | (172,186)          |
| Lease liabilities  | 20   | (10,730)           | (128,676)          | (11,293)         | (130,088)          |
| Other financial liabilities  | 21   | -                  | (5,560)            | -                | (480)              |
| <b>Total current liabilities</b>                                     |      | <b>(1,555,171)</b> | <b>(4,463,341)</b> | <b>(172,175)</b> | <b>(2,791,586)</b> |
| <b>Non-current assets plus/(less) net current assets/liabilities</b> |      | <b>297,180</b>     | <b>13,435,604</b>  | <b>26,925</b>    | <b>12,825,195</b>  |

\* Includes expected credit loss

## Consolidated Statement of Financial Position (continued)

|   | Note  | 31 March 2021    |                    | 31 March 2020    |                    |
|---|-------|------------------|--------------------|------------------|--------------------|
|   |       | Core department  | Departmental group | Core department  | Departmental group |
|   |       | £'000            | £'000              | £'000            | £'000              |
| <b>Non-current liabilities</b>              |       |                  |                    |                  |                    |
| Trade and other payables                    | 18    | -                | (1,214,767)        | -                | (1,313,191)        |
| Contract liabilities                        |       | -                | (17,185)           | -                | (13,706)           |
| Provisions                                  | 19    | -                | (62,189)           | -                | (70,904)           |
| Lease liabilities                           | 20    | (114,645)        | (1,980,036)        | (119,364)        | (2,056,930)        |
| Other financial liabilities                 | 21    | -                | (589,582)          | -                | (547,458)          |
| Retirement benefit obligations              | 22    | -                | (88,504)           | -                | 98,246             |
| <b>Total non-current liabilities</b>        |       | <b>(114,645)</b> | <b>(3,952,263)</b> | <b>(119,364)</b> | <b>(3,903,943)</b> |
| <b>Total assets less liabilities</b>        |       | <b>182,535</b>   | <b>9,483,341</b>   | <b>(92,439)</b>  | <b>8,921,252</b>   |
| <b>Taxpayers' equity and other reserves</b> |       |                  |                    |                  |                    |
| <b>Taxpayers' funds</b>                     |       |                  |                    |                  |                    |
| General fund                                | SoCTE | 152,874          | 3,212,896          | (106,276)        | 3,149,943          |
| Revaluation reserve                         | SoCTE | 29,661           | 1,592,813          | 13,837           | 1,361,227          |
| <b>Total taxpayers' equity</b>              |       | <b>182,535</b>   | <b>4,805,709</b>   | <b>(92,439)</b>  | <b>4,511,170</b>   |
| Lottery funds                               | SoCTE | -                | (812,306)          | -                | (1,205,780)        |
| Charity funds                               | SoCTE | -                | 5,489,938          | -                | 5,615,862          |
| <b>Total reserves</b>                       | SoCTE | <b>182,535</b>   | <b>9,483,341</b>   | <b>(92,439)</b>  | <b>8,921,252</b>   |

**Sarah Healey (Accounting Officer)**

10 December 2021

The notes on pages 115 to 193 form part of these accounts.



## Consolidated Statement of Cash Flows for the year ended 31 March 2021

|  | Note  | 2020-21            |                    | 2019-20            |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | Core department    | Departmental group | Core department    | Departmental group |
|  |       | £'000              | £'000              | £'000              | £'000              |
| <b>Cash flows from operating activities</b>  |       |                    |                    |                    |                    |
| Net expenditure  | SoCNE | (6,943,519)        | (6,700,998)        | (5,527,717)        | (5,805,504)        |
| Adjustments for non-cash expenditure - purchase of goods and services  | 4.3   | 500                | 500                | 415                | 415                |
| Adjustments for non-cash expenditure - depreciation, amortisation, impairment charges and expected credit loss adjustments | 4.4   | 5,777              | 438,102            | 109,960            | 990,652            |
| Adjustments for non-cash expenditure - provisions expense  | 4.5   | 2,586              | 138,745            | -                  | 136,034            |
| Adjustments for non-cash expenditure - other operating expenditure   | 4.6   | 56,829             | 176,897            | 5                  | 106,873            |
| Adjustments for non-cash salary costs  |       | -                  | 256                | -                  | 256                |
| Adjustments for non-cash other operating income  | 5.2   | -                  | (62,451)           | -                  | (38,497)           |
| Adjustments for non-cash pension costs   |       | -                  | (51,767)           | -                  | 77,794             |
| Reserves released to net expenditure   |       | -                  | -                  | -                  | 1,135              |
| Adjustment for items shown in other sections of cash flow  |       | 1,726              | 39,514             | 1,429              | (47,305)           |
| (Increase)/decrease in inventories   | 15    | -                  | (46,449)           | -                  | 9,451              |
| Movements in inventories not passing through the SoCNE   | 15    | -                  | (4)                | -                  | -                  |
| (Increase)/decrease in trade and other receivables   | 16    | (30,470)           | (200,296)          | (14,698)           | (80,634)           |
| Movements in receivables not passing through the SoCNE   |       | 34,251             | 5,915              | (11,671)           | 7,215              |
| Movements in bad debt provision  |       | -                  | 372                | -                  | (351)              |
| Movements in receivables from IFRS16 cumulative catch up   |       | -                  | -                  | 7,624              | 174,581            |
| (Increase)/decrease in contract assets   |       | -                  | (7,154)            | -                  | (14,608)           |
| Increase/(decrease) in trade payables  | 18    | 1,381,005          | 1,592,166          | (81,662)           | (1,043,484)        |
| Movements in payables from IFRS 16 cumulative catch up   |       | -                  | -                  | -                  | 25,361             |
| Increase/(decrease) in contract liabilities  |       | -                  | 7,190              | -                  | 14,187             |
| Increase/(decrease) in lease liabilities   | 20    | (5,282)            | (78,306)           | (7,913)            | 1,447,653          |
| Movements in payables not passing through the SoCNE  |       | (1,334,631)        | (1,166,354)        | 71,585             | 207,717            |
| Utilisation of provisions  | 19    | (32)               | (173,674)          | (2)                | (374,778)          |
| Interest on lease liabilities  | 20    | (2,646)            | (60,953)           | (2,719)            | (62,668)           |
| Payments for unfunded pensions   | 22    | -                  | (259)              | -                  | (275)              |
| <b>Net cash outflow from operating activities</b>  |       | <b>(6,833,906)</b> | <b>(6,149,008)</b> | <b>(5,455,364)</b> | <b>(4,268,780)</b> |
| <b>Cash flows from investing activities</b>  |       |                    |                    |                    |                    |
| Purchase of property, plant & equipment  |       | (4,196)            | (204,585)          | (1,629)            | (250,585)          |
| Purchase of right of use assets  |       | (21,730)           | (90,065)           | (121)              | (837,273)          |
| Purchase of investment property  |       | -                  | (67)               | -                  | (33,086)           |
| Purchase of intangible assets  |       | (10,978)           | (32,333)           | -                  | (21,675)           |
| Purchase of financial assets   |       | (377,512)          | (490,254)          | (5,869)            | (147,825)          |
| Proceeds from disposal of property, plant & equipment  |       | -                  | 2,301              | -                  | 2,713              |
| Proceeds from disposal of right of use assets  |       | 15,824             | 20,277             | -                  | 2,052              |
| Proceeds from disposal of investment property  |       | -                  | 2,666              | -                  | -                  |
| Proceeds from disposal of intangible assets  |       | -                  | 736                | -                  | 989                |
| Proceeds from disposal of assets held for sale   |       | -                  | (1)                | -                  | -                  |
| Repayments and disposals of financial assets   |       | 7,493              | 195,575            | 4,595              | 32,462             |
| Interest and dividend income   | 5.2   | 920                | 21,439             | 1,290              | 110,044            |
| <b>Net cash inflow/(outflow) from investing activities</b>   |       | <b>(390,179)</b>   | <b>(574,311)</b>   | <b>(1,734)</b>     | <b>(1,142,184)</b> |

## Consolidated Statement of Cash Flows (continued)

|  | Note  | 2020-21          |                    | 2019-20          |                    |
|--|-------|------------------|--------------------|------------------|--------------------|
|  |       | Core department  | Departmental group | Core department  | Departmental group |
|  |       | £'000            | £'000              | £'000            | £'000              |
| <b>Cash flows from financing activities</b>  |       |                  |                    |                  |                    |
| From the Consolidated Fund (supply) - current year   | SoCTE | 8,479,599        | 8,479,599          | 5,410,190        | 5,410,190          |
| Contingencies Fund - advance/receipts  |       | 2,838,403        | 2,838,403          | -                | -                  |
| Contingencies Fund - repayments  |       | (2,838,403)      | (2,838,403)        | -                | -                  |
| Payment of lease liabilities   |       | -                | (148,742)          | -                | (143,899)          |
| <b>Net cash inflow from financing activities</b>   |       | <b>8,479,599</b> | <b>8,330,857</b>   | <b>5,410,190</b> | <b>5,266,291</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> |       | <b>1,255,514</b> | <b>1,607,538</b>   | <b>(46,908)</b>  | <b>(144,673)</b>   |
| <b>Cash flow from non-financing activities</b>   |       |                  |                    |                  |                    |
| Receipts due to the Consolidated Fund which are outside the scope of the department's activities   |       | 330,496          | 361,498            | 320,219          | 301,333            |
| Payments of amounts to the Consolidated Fund   |       | (306,891)        | (306,891)          | (334,588)        | (334,588)          |
| <b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>  |       | <b>1,279,119</b> | <b>1,662,145</b>   | <b>(61,277)</b>  | <b>(177,928)</b>   |
| Cash and cash equivalents at the beginning of the period   | 17    | 24,467           | 2,017,498          | 85,744           | 2,195,426          |
| Cash and cash equivalents at the end of the period   | 17    | 1,303,586        | 3,679,643          | 24,467           | 2,017,498          |

The following payments were received from the Contingencies Fund during the year:

- £592,135k was received by DCMS on 3 July 2020, and repaid on 23 July 2020.
- £2,246,268k was received by DCMS on 1 February 2021, and repaid on 22 March 2021.
- The total amount received and repaid to the Contingencies Fund was £2,838,403k.
- There was no balance outstanding to the Contingencies Fund as at 31 March 2021.

The notes on pages 115 to 193 form part of these accounts.

## Statement of Changes in Taxpayers' Equity (Core Department) for the year ended 31 March 2021

|   | Note     | Core department  |                     |                  |
|---|----------|------------------|---------------------|------------------|
|   |          | General fund     | Revaluation reserve | Total reserves   |
|   |          | £'000            | £'000               | £'000            |
| <b>Balance at 1 April 2019</b>            |          | <b>34,547</b>    | <b>(13,830)</b>     | <b>20,717</b>    |
| Net parliamentary funding - drawn down    |          | (5,410,190)      | -                   | (5,410,190)      |
| Net parliamentary funding - deemed supply |          | (74,826)         | -                   | (74,826)         |
| Supply payable/(receivable) adjustment    | 18       | 19,443           | -                   | 19,443           |
| CFERs payable to the Consolidated Fund    | SOPS 4.1 | 10,000           | -                   | 10,000           |
| Net expenditure for the year              | SoCNE    | 5,527,717        | -                   | 5,527,717        |
| <b>Non-cash adjustments:</b>              |          |                  |                     |                  |
| Auditors' remuneration                    | 4.3      | (415)            | -                   | (415)            |
| <b>Movements in reserves:</b>             |          |                  |                     |                  |
| Other comprehensive net expenditure       | SoCNE    | -                | (7)                 | (7)              |
| <b>Balance at 31 March 2020</b>           |          | <b>106,276</b>   | <b>(13,837)</b>     | <b>92,439</b>    |
| Net parliamentary funding - drawn down    |          | (8,479,599)      | -                   | (8,479,599)      |
| Supply payable/(receivable) adjustment    | 18       | 1,270,635        | -                   | 1,270,635        |
| CFERs payable to the Consolidated Fund    | SOPS 4.1 | 6,795            | -                   | 6,795            |
| Net expenditure for the year              | SoCNE    | 6,943,519        | -                   | 6,943,519        |
| <b>Non-cash adjustments:</b>              |          |                  |                     |                  |
| Auditors' remuneration                    | 4.3      | (500)            | -                   | (500)            |
| <b>Movements in reserves:</b>             |          |                  |                     |                  |
| Other comprehensive net expenditure       | SoCNE    | -                | (15,824)            | (15,824)         |
| <b>Balance at 31 March 2021</b>           |          | <b>(152,874)</b> | <b>(29,661)</b>     | <b>(182,535)</b> |

The notes on pages 115 to 193 form part of these accounts.

## Consolidated Statement of Changes in Taxpayers' Equity (Departmental Group) for the year ended 31 March 2021

|   | Note     | Departmental group |                     |                         |                  |                    |                    |
|---|----------|--------------------|---------------------|-------------------------|------------------|--------------------|--------------------|
|   |          | General fund       | Revaluation reserve | Total taxpayers' equity | Lottery funds    | Charity funds      | Total reserves     |
|   |          | £'000              | £'000               | £'000                   | £'000            | £'000              | £'000              |
| <b>Balance at 31 March 2019</b>           |          | <b>(2,831,232)</b> | <b>(2,051,664)</b>  | <b>(4,882,896)</b>      | <b>1,458,045</b> | <b>(5,498,751)</b> | <b>(8,923,602)</b> |
| Impact of adoption of IFRS 16             |          | 4,447              | -                   | 4,447                   | 619              | (3,689)            | 1,377              |
| <b>Balance at 1 April 2019</b>            |          | <b>(2,826,785)</b> | <b>(2,051,664)</b>  | <b>(4,878,449)</b>      | <b>1,458,664</b> | <b>(5,502,440)</b> | <b>(8,922,225)</b> |
| Net parliamentary funding - drawn down    |          | (5,410,190)        | -                   | (5,410,190)             | -                | -                  | (5,410,190)        |
| Net parliamentary funding - deemed supply |          | (74,826)           | -                   | (74,826)                | -                | -                  | (74,826)           |
| Supply payable/(receivable) adjustment    | 18       | 19,443             | -                   | 19,443                  | -                | -                  | 19,443             |
| CFERs payable to the Consolidated Fund    | SOPS 4.1 | 10,000             | -                   | 10,000                  | -                | -                  | 10,000             |
| Net expenditure for the year              | SoCNE    | 6,027,423          | -                   | 6,027,423               | (254,783)        | 32,864             | 5,805,504          |
| <b>Non-cash adjustments:</b>              |          |                    |                     |                         |                  |                    |                    |
| Auditors' remuneration                    | 4.3      | (415)              | -                   | (415)                   | -                | -                  | (415)              |
| <b>Movements in reserves:</b>             |          |                    |                     |                         |                  |                    |                    |
| Other comprehensive net expenditure       | SoCNE    | (894,214)          | 689,505             | (204,709)               | (3,328)          | (144,712)          | (352,749)          |
| Transfers between reserves                |          | (932)              | 932                 | -                       | -                | -                  | -                  |
| Transfer to SoCNE                         |          | -                  | -                   | -                       | -                | (1,135)            | (1,135)            |
| Other movements                           |          | 553                | -                   | 553                     | 5,227            | (439)              | 5,341              |
| <b>Balance at 31 March 2020</b>           |          | <b>(3,149,943)</b> | <b>(1,361,227)</b>  | <b>(4,511,170)</b>      | <b>1,205,780</b> | <b>(5,615,862)</b> | <b>(8,921,252)</b> |
| Net parliamentary funding - drawn down    |          | (8,479,599)        | -                   | (8,479,599)             | -                | -                  | (8,479,599)        |
| Supply payable/(receivable) adjustment    | 18       | 1,270,635          | -                   | 1,270,635               | -                | -                  | 1,270,635          |
| CFERs payable to the Consolidated Fund    | SOPS 4.1 | 6,795              | -                   | 6,795                   | -                | -                  | 6,795              |
| Net expenditure for the year              | SoCNE    | 6,944,884          | -                   | 6,944,884               | (399,755)        | 155,869            | 6,700,998          |
| <b>Non-cash adjustments:</b>              |          |                    |                     |                         |                  |                    |                    |
| Auditors' remuneration                    | 4.3      | (500)              | -                   | (500)                   | -                | -                  | (500)              |
| <b>Movements in reserves:</b>             |          |                    |                     |                         |                  |                    |                    |
| Other comprehensive net expenditure       | SoCNE    | 189,468            | (232,655)           | (43,187)                | 13,805           | (22,926)           | (52,308)           |
| Transfers between reserves                |          | (1,069)            | 1,069               | -                       | -                | -                  | -                  |
| Other movements                           |          | 6,433              | -                   | 6,433                   | (7,524)          | (7,019)            | (8,110)            |
| <b>Balance at 31 March 2021</b>           |          | <b>(3,212,896)</b> | <b>(1,592,813)</b>  | <b>(4,805,709)</b>      | <b>812,306</b>   | <b>(5,489,938)</b> | <b>(9,483,341)</b> |

The notes on pages 115 to 193 form part of these accounts.

## NOTES

### 1. Statement of accounting policies

#### 1.1 Basis of Preparation

These accounts have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) and Accounts Direction issued by HM Treasury under section 6(4) of the Government Resources and Accounts Act 2000. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Department and the arm's length bodies (the group) for the purpose of giving a true and fair view has been selected. The particular policies adopted by the group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.2 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention, as modified to account for the revaluation of non-current assets and, where material, current asset investments, inventories and assets held for sale.

#### 1.3 Basis of Consolidation

The group accounts comprise a consolidation of the core department and the arm's length bodies (ALBs) and their various subsidiaries which fall within the departmental boundary.

In the preparation of the group accounts, the Department is required to adopt consistent and uniform accounting policies across all entities with appropriate adjustments made where any differences have a material impact on the accounts. The group accounting policies allow, where possible, for variations in order to reflect particular circumstances of ALBs and their subsidiaries.

All significant intra-departmental transactions and balances between entities within the departmental boundary are eliminated.

A list of all the arm's length bodies within the departmental boundary, and included in the group results (along with the Department), is included in note 28.

#### *British Broadcasting Corporation (BBC)*

The elements of the BBC's results consolidated in these accounts (sometimes referred to here as BBC Public Service Broadcasting) are those that have been classified by the Office of National Statistics as being central government, this includes:-

- the public sector broadcasting elements that are funded by the Exchequer through the Grant-in-aid mechanism (where the amount is based on TV Licence Fees collected). The Office for National Statistics have classified the BBC Pension Scheme as a pension administrator in the public pension fund subsector, and BBC as the pension manager within central government. As such the pension liabilities and assets held by the scheme will be attributed to central government, therefore the whole scheme is consolidated in these accounts.
- BBC Commercial Holdings Limited and its direct subsidiary holding companies.

#### 1.4 Going concern

In common with other government departments, the group's liabilities are expected to be met by future grants of supply and the application of future income, both to be approved annually by Parliament. There is no reason to believe that future Parliamentary approval will not be forthcoming, and therefore, in accordance with FReM 4.2.14, it has been concluded as appropriate to adopt the going concern basis of preparation for these accounts.



## 1.5 Grants

### *Grant-in-aid*

Financing to ALBs through Grant-in-aid payments is reported on a cash basis in the period in which payments are made.

All Grant-in-aid and grants by the Department to its ALBs, as well as any intra-group grants between the ALBs, are fully eliminated within the group.

### *Grants*

Grants payable or receivable by the ALBs are accounted for on an accruals basis. This includes all grants issued under the COVID-19 support packages. Grants receivable include funding from lottery funds. Grants payable include multi-year grants and performance related grants which are classified as either current or non-current provisions (note 1.25) depending on the timing of the payment and the terms of the grant.

## 1.6 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the Department or passed legislation. By their nature they are items that ideally should not arise. These are reported in the parliamentary accountability and audit report section of the annual report and accounts.

## 1.7 Operating income and revenue from contracts with customers

Operating income relates to the operating activities of the group and includes both budgetary and non-budgetary income. It is recognised in accordance with the FReM and IFRS 15 *Revenue from contracts with customers*. Non-budgetary income is outside the ambit of the group budget. More details are included in SOPS 4 in the primary statements of the Annual report and accounts.

Operating income is stated net of VAT. The major categories of operating income include lottery income, fees for licences and broadcast licences, donations (in the form of cash or assets), gifts in kind, and non-governmental grants (capital).

### *Grants received by entities within the group*

Grant funding, in respect of capital and revenue expenditure, is credited to the Consolidated Statement of Comprehensive Net Expenditure (SoCNE) in the year in which the entitlement to the monies arise in accordance with the application of IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* recommended by the FReM.

### *Revenue from contracts with customers*

IFRS 15 was adopted with effect from 1 April 2018.

Main categories of revenue from contracts with customers are 'goods and services', 'rental income', 'fees, charges and duties', 'levies', 'royalties' and 'charity income – sponsorships and trading'.

Revenue from contracts with customers is measured at the fair value of consideration received or receivable (transaction price) and comprises primarily fees and charges for services rendered, levy money collected in accordance with legislation and sponsorship and trading arrangements. Income is recognised when the performance obligation in the contract has been performed ('point in time') or 'over time' as control of the performance obligation is transferred to the customer. A performance obligation must meet one of the three criteria in IFRS 15 - *Revenue from contracts with customers* to meet 'over time' recognition. The default category, if none of these criteria are met, is 'point in time' recognition. Further details on the category of income recognition for each type of income stream can be found below:

## Goods and services

- As noted in note 5.1 this is largely BBC revenue relating to Broadcasting services, being content and format sales, production income and subscription fees.
- These income streams are measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Income recognition is based on the delivery of performance obligations and an assessment of when control is transferred to the customer.
- Content and format sales are recognised on the later of the licence period start date or when the associated programme has been delivered. Further information on when content and format sales, production income and subscription fees are recognised are included within note H of the BBC's accounts including whether these meet the 'over time' or 'point in time recognition'.

## Fees, charges and duties

- As noted in note 5.1 this is largely amounts whereby under statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties. This revenue is treated as arising from a contract and accounted for under IFRS 15 (15a).
- Revenue is recognised for these as they fall due. The revenue largely meets the 'at a point in time' criteria of the performance obligations as there are not multiple 'over time' points for these type of revenue streams.

### *Use of estimates and judgements – income recognition*

The major estimates and judgements for income recognition for Revenue from Contracts with Customers relate to the BBC. The complexity of individual contractual terms may require the BBC to make judgements in assessing when the triggers for income recognition have been met, particularly whether the BBC has sufficiently fulfilled its obligations under the contract to allow income to be recognised. Further information is included within note H of the BBC's 2020-21 accounts.

### *Contract assets and liabilities*

Contract assets are recorded when the right to consideration in exchange for goods or services that have been transferred to a customer and is conditional on something other than the passage of time, for example the entity's future performance.

Contract liabilities are recorded when an obligation is created to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Both contract assets and liabilities as defined by IFRS 15 - *Revenue from contracts with customers* are immaterial to DCMS.

## **1.8 Property, plant and equipment**

In accordance with the FReM, all tangible non-current assets are to be carried at current value in existing use at the reporting period, except where noted below.

Freehold land and buildings are revalued to fair value every five years on a rolling basis, using professional valuations. In the intervening periods, the value of land and buildings are updated annually using appropriate indices. In the case of the BBC the key variables underpinning the valuations (i.e. yields, rents and other assumptions) are reviewed, and where there are material changes, the valuations are adjusted accordingly. The valuation approach adopted follows the Royal Institution of Chartered Surveyors (RICS) Red Book.

All other tangible assets (non-property) are carried at fair value using appropriate indices, where material. Some ALBs have used depreciated historic cost as a proxy for fair value on short life/low value assets where they deem the fair value adjustment is not materially different from the depreciated historic cost. As such these tangible non-current assets are not revalued.

The policy on heritage assets is disclosed at note 1.10.

The policy on right of use assets is disclosed at note 1.23.

## Capitalisation thresholds

The thresholds across the group range from £1k to £10k (including irrecoverable VAT). The core department's capitalisation threshold is £2k.

### 1.9 Depreciation and amortisation

PPE, intangibles and right of use assets are depreciated to estimated residual values over the following estimated useful lives:

|  |   |
|--|---|
| ● Freehold and long leasehold land       | Not depreciated                                     |
| ● Freehold buildings                     | Up to 100 years                                     |
| ● Short leasehold improvements/buildings | Term of the lease                                   |
| ● Long leasehold improvements/buildings  | 10-50 years   |
| ● Information technology                 | 3-5 years   |
| ● Plant and machinery                    | 3-30 years  |
| ● Furniture and fittings                 | 3-20 years  |
| ● Antiques, works of art and collections | Not depreciated                                     |
| ● Assets under construction              | Not depreciated until the asset is brought into use |
| ● Intangible assets                      | 2-5 years   |

The depreciation method used is that which provides a realistic reflection of the consumption of that asset. Depreciation methods, estimated useful lives and residual values are reviewed at each reporting date.

### 1.10 Heritage assets

Heritage assets are assets held to preserve the nation's heritage and are maintained for their contribution to knowledge and culture. Heritage assets held by the group consist of historic artefacts and archives, works of art, collection items, historic land and buildings.

Operational heritage assets (mainly comprising buildings) are used by the group to generate revenue or to provide other services. Operational heritage assets are valued and depreciated in the same way as other assets of that type.

Non-operational heritage assets are assets held primarily in pursuit of the group's overall objectives in relation to the maintenance of heritage. Non-operational heritage assets are included at cost or at valuation depending on the availability of information. The assets being reported at cost and those being reported at valuation are presented separately in note 8.1. Valuation changes in heritage assets reported at valuation are recognised in the Other Comprehensive Expenditure section of the SoCNE except for impairment losses.

The majority of heritage assets (works of art and collections) are not depreciated as the length of their expected useful economic life is regarded to be close to infinite.

For the collections that existed at March 2001, the group is of the opinion that valuation information cannot be obtained at a cost commensurate with the benefits to users of the accounts. As valuation is not practical the group have therefore only capitalised assets acquired since March 2001.

### 1.11 Donated assets

Donated assets are capitalised at fair value on receipt, and this value is credited to the SoCNE. Donated assets are revalued, depreciated and subject to impairment as appropriate in the same manner as heritage assets or other non-current assets. Donated services or facilities, including gifts in kind, are included in the SoCNE at the value to the group where this can be quantified.

## 1.12 Intangible non-current assets

In accordance with the FReM, all intangible assets are carried at current value in existing use. Intangible assets held by the group mainly relate to software licences. Depreciated historical cost is used as a proxy for fair value on short life or low value assets, which is considered not to be materially different from fair value.

Income generating intangibles are capitalised based on the associated expected income streams.

Intangible assets are amortised using the straight-line method over their expected useful life which ranges between 2-5 years for internally generated assets; the licence period for purchased licences; or the period of expected income streams for income generating assets.

## 1.13 Revaluation and impairment of non-current assets

Assets are revalued to current value in existing use and increases in value are credited to the revaluation reserve, unless it is a reversal of a previous impairment. Reversals are credited to the SoCNE to the extent of the previous impairment and any excess is credited to the revaluation reserve, in accordance with IAS 36 *Impairment of Assets*.

Impairments of revalued assets that do not result from a clear consumption of economic benefits are charged to the revaluation reserve up to the level of depreciated historical cost. Any excess downward revaluation is charged to the SoCNE. Each year, the realised element of the reserve (i.e. an amount equal to the excess of the actual depreciation over depreciation based on historical cost) is transferred from the reserve to the general fund.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the SoCNE. Where the impairment relates to a revalued asset, the balance on the revaluation reserve to which the impairment would have been charged is transferred to the general fund to ensure consistency with IAS 36.

On disposal of a revalued asset, the balance on the revaluation reserve in respect of that asset becomes fully realised and is transferred to the general fund. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the SoCNE.

All non-current assets are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. In addition, intangible assets with an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## 1.14 Investment properties

The group holds a number of properties which have been classified as investment properties and are not depreciated, in accordance with IAS 40 *Investment Property*, but may be impaired or revalued to provide a carrying value at their estimated fair value. Fair value is based on active market prices subject to the nature, location or condition of the specific asset. Full valuations are undertaken every five years with desktop reviews carried out in intervening periods. Gains or losses arising in fair value of investment property are recognised in the SoCNE.

If an investment property is leased out under an operating lease, the leased asset remains within investment property in the Consolidated Statement of Financial Position (SoFP). The lease revenue is recognised over the term of the lease on a straight-line basis in the SoCNE.

## 1.15 Investments in subsidiaries

Investments in subsidiaries that have been (or are expected to be) classified by the Office for National Statistics as public corporations, are stated at fair value in accordance with the FReM. Where the fair value is not available, an appropriate proxy is used e.g. net assets of the subsidiary or a discounted cash flow valuation.

## Valuation of BBC Commercial Holdings' public corporations

The fair value placed on those subsidiaries of BBC Commercial Holdings classified as public corporations are based on a discounted cash flow model which relies on estimated cash flow projections and judgements about long term growth and the discount rate used. Further details on the methodology used can be found in note 11.5.1.

### 1.16 Research and development

Development expenditure is capitalised as per IAS 38 *Intangible Assets* if the following criteria are met:

- It is technically feasible to complete the intangible item so that it will be available for use;
- The group intends to complete the intangible item and use it;
- There is an ability to use the intangible item;
- It can be demonstrated how the development expenditure will generate future service potential;
- Adequate technical, financial and other resources to complete the development and to use the intangible item are available; and
- The expenditure attributable to the intangible item during its development can be reliably measured.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Expenditure on research activities is recognised in the SoCNE in the period in which it is incurred.

### 1.17 Assets held for sale

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* where an asset is actively being marketed for sale, the carrying amount of an asset is to be recovered by sale rather than continuing use, if a sale is expected to be completed within one year of the reporting date and the asset reclassified as an asset held for sale. Such assets are disclosed separately in the SoFP and are measured at the lower of carrying amount and fair value less costs to sell. Once classified as assets held for sale, depreciation is no longer applied.

### 1.18 Inventories

Inventories are valued at the lower of cost or net realisable value. Inventories of finished goods and goods for resale are valued at the lower of cost, or where materially different, current replacement cost. Work in progress is valued at the lower of cost and net realisable value.

Inventories across the group consist of raw materials, work in progress, finished goods and consumable stores.

The Public Broadcasting Authorities' inventories will include amounts for public service programmes that are in production, completed programmes that are ready for broadcast, but not yet aired, and rights secured to broadcast programmes produced by independent companies. Originated programmes are stated at the lower of cost and net realisable value, and the full value is written off on first transmission. The costs of acquired programmes and films are also written off on first transmission, except to the extent that the numbers of further showings are contractually agreed when it is written off according to its expected transmission profile.

Direct costs incurred in the commissioning or purchase of public service programmes as yet not transmitted are carried forward as inventory, after providing for expenditure on material which is unlikely to be transmitted. For a series of programmes, the allocation of inventory between programmes completed but not yet transmitted and programmes in the course of production is based on total costs to date and the contractual cost per completed episode.

Direct costs are defined as payments made or due to production companies or programme suppliers.



## 1.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

## 1.20 Financial instruments

Financial instruments include all contractual arrangements to deliver or receive cash. Therefore they include trade receivables, trade payables and loans as well as more complex instruments such as derivatives. Forward exchange contracts allow the buying or selling of currency at a fixed exchange rate with delivery made on a given date or dates in the future.

The group hold various derivative and non-derivative financial instruments (including assets such as trade investments and liabilities such as borrowings).

IFRS 9 *Financial Instruments* was adopted with effect from 1 April 2018.

In accordance with IFRS 9, each financial asset is classified at initial recognition, or at the point of first adoption of IFRS 9, into one of three categories:

- i. Financial assets at Fair Value Through Profit or Loss (“FVTPL”)
- ii. Financial assets at Fair Value Through Other Comprehensive Income (“FVOCI”)
- iii. Financial assets at amortised cost

Each financial liability is classified into one of two categories:

- iv. Financial liabilities at FVTPL
- v. Financial liabilities at amortised cost

The classification of each financial asset is determined by the business model for the asset and cash flows linked with the asset.

The accounting policy for major categories of financial instruments upon IFRS 9 adoption is set out below.

### 1.20.1 Financial assets

#### *Amortised cost assets*

Amortised cost assets are recognised initially at fair value and subsequently measured at amortised cost, on the basis that they are only held to collect contractual cash flows on specified dates that contain payments of principal and interest. An allowance for estimated impairment is based on the expected credit loss model. Changes in the carrying amount of the allowance are recognised in the SoCNE.

#### *Amortised cost assets - Impairments*

The group has a forward-looking ‘expected loss’ impairment model for amortised costs assets. This model requires the use of lifetime expected credit loss provision for all financial assets held at amortised cost. These provisions are based on an assessment of risk of default on material financial assets or groups of financial assets at the SoFP date. The assessment uses historical data, professional fund manager assistance (where appropriate) and macroeconomic assessments to review the likelihood of default on amortised cost financial assets. Objective evidence includes significant financial difficulty of the issuer or debtor, disappearance of an active market for the financial asset because of financial difficulties, or data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the official recognition.

Where objective evidence exists that a financial instrument is impaired or there is a likelihood of default, for example, through a significant or prolonged decline in fair value of the asset below its cost, its loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted where material.

#### *Assets classified as fair value through other comprehensive income - downward revaluations*

For financial assets classified as fair value through other comprehensive income, any gains or losses on the fair value of an investment are recorded within other comprehensive net expenditure on the SoCNE, this includes any downward revaluations. IFRS 9 requires that only dividend income is recorded within operating income on the SoCNE.

#### *Assets classified as fair value through other comprehensive income - equity investments*

These include all investment funds and equities - unless they are classed as assets held for trading – and also include investments in subsidiaries (see also note 1.15). These assets have been elected to be held at fair value through other comprehensive income as they are not held for trading. They are included in non-current assets unless the group intends to dispose of, or realise, the investment within 12 months of the SoFP date. They are stated at their fair value with gains and losses (including any downward revaluations) recognised in Other Comprehensive Net Expenditure, except dividend income which is recognised in the SoCNE.

On disposal, the cumulative gain or loss previously recognised in Other Comprehensive Net Expenditure is reclassified from the revaluation reserve to the general fund.

#### *Financial assets classified as fair value through the Statement of Comprehensive Net Expenditure*

Any gains or losses on the fair value of an investment are recorded within operating income in the SoCNE, including any downward revaluations.

### **1.20.2 Financial liabilities**

#### *Trade and other payables*

Long term trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### **1.21 Derivative financial instruments**

The group does not enter into speculative derivative contracts; however, some derivative financial instruments are used to manage the group's exposure to fluctuations in interest rates (interest rate swaps, caps and collars) and foreign currency exchange rates (foreign currency forwards contracts and currency options).

Derivative financial instruments, are initially recognised at fair value and are subsequently measured at fair value at the SoFP date with movements recorded in the income statement.

The fair value of interest rate swaps, caps and collars is the estimated amount that the group would receive or pay to terminate the swap, cap or collar at the balance sheet date, taking into account current interest rates, the current creditworthiness of swap, cap or collar counterparties and the creditworthiness of the group.

The fair value of foreign currency forward contract rates is determined using forward exchange rates at the SoFP date.

### **1.22 Employee Benefits**

In accordance with IAS 19 *Employee Benefits*, the group is required to recognise short term employee benefits when an employee has rendered service in exchange for those benefits. Included in the accounts is an accrual for the outstanding employee paid holiday entitlement at the period end date.

## 1.23 Leases

IFRS 16 - *Leases* has been implemented from 1 April 2019; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right of use') assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract. There are new requirements for variable lease payments such as the Retail Price Index (RPI)/Consumer Price Index (CPI) uplifts; and there is an accounting policy choice allowable to separate non-lease components.

### ***Implementation and Assumptions***

The group has applied IFRS 16 using the modified retrospective approach. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the comparative period at implementation (1 April 2019).

The option to reassess whether a contract is, or contains, a lease at the date of initial application has not been used, the group has used the practical expedient detailed in IFRS 16(C3).1.

The definition of a contract is expanded to include intra-UK government agreements where non-performance may not be enforceable by law. This includes, for example, Memorandum of Terms of Occupation (MOTO) agreements.

The group has expanded the definition of a lease to include arrangements with £nil consideration. Peppercorn leases are examples of these, they are defined by HM Treasury (HMT) as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition any differences between the discounted lease liability and the right of use asset were included through cumulative catch up. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded as capital grant in kind income in the SoCNE.

The group has elected not to recognise right of use assets and lease liabilities for the following leases:

- intangible assets;
- non-lease components of contracts where applicable;
- low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less.

### *Policy applicable from 1 April 2019*

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The group has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- The group has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The group assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The group reassesses this if there are significant events or changes in circumstances that were not anticipated.

*As a lessee*

#### *Right of use assets*

The group recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis of those of property plant and equipment assets. The group applies IAS 36 *Impairment of Assets* to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### *Lease liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that cannot be readily determined, the rate provided by HMT. The HMT discount rates were 1.99% for leases entered into prior to 31 December 2019, 1.27% in calendar year 2020 and 0.91% for calendar year 2021. When measuring lease liabilities, the group discounted lease payments using rates within the range 0.29% to 58.01%.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the group's estimates of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

When the lease liability is re-measured a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is £nil.

The group presents right of use assets that do not meet the definition of investment properties per IAS 40 – *Investment properties* as right of use assets on the SoFP. The lease liabilities are included within lease liabilities within current and non-current liabilities on the SoFP.

## *As a lessor*

When the group acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

When the group is the intermediate lessor, it accounts for its interest in the head lease and the sub lease separately. If a head lease is a short-term lease to which the group applies the exemption above, then the sublease classifies as an operating lease.

The group recognises lease payments under operating leases as income on a straight-line basis over the length of the lease terms.

The accounting policies applicable to the group as lessor are largely unchanged by IFRS 16 except for reviews of intermediate lessor arrangements. The changes for IFRS 16 were not material for lessor arrangements.

## **1.24 Retirement benefit obligations**

### **1.24.1 Funded pension schemes**

A number of ALBs participate in defined benefit pension schemes as described in note 22. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of these defined benefit pensions plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair values of plan assets are deducted. Actuarial gains and losses that arise are recognised in the period they occur through Other Comprehensive Net Expenditure. The most significant funded defined benefit scheme in the group is operated by the BBC.

#### *BBC pension scheme*

The BBC operates a number of defined benefit plans for employees (closed to new employees from 1 January 2012), which provide benefits based on pensionable pay. The assets of the BBC's pension scheme are held in a separate fund, and on retirement, members of the BBC's main pension scheme are paid their pensions from this fund. The BBC makes cash contributions to the fund in advance of members' retirement.

### **1.24.2 Unfunded pension schemes**

A number of the employees of the Department and the ALBs are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) as described in the staff report section of the annual report.

The PCSPS is an unfunded multi-employer defined benefit scheme. The participating bodies make contributions based on rates that are set to meet the cost of the benefits accruing during the reporting period, to be paid when the member retires, and not the benefits paid during this period to existing pensioners. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the group recognises the contributions payable for one year. Contributions to the defined benefit pension scheme are charged to the SoCNE in accordance with actuarial recommendations so as to spread the cost of the pensions over the employees' expected working lives.

### **1.24.3 Other unfunded defined benefit pension schemes**

The employees of some ALBs are members of other unfunded defined benefit pension schemes. Employer contributions to the defined benefit schemes are charged to the SoCNE in the period to which they relate.



#### 1.24.4 Early departure costs

For past early departure schemes, the group meets the additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retired early, by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement date. The total cost was provided for in full when the early departure programme was announced and remains binding on the group.

#### 1.25 Provisions

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rates applicable in the 2020-21 accounts are: short-term rate (between 0 and up to and including 5 years): -0.02% per annum; medium-term rate (after 5 and up to and including 10 years): 0.18% per annum; and long-term rate (exceeding 10 years): 1.99% per annum. Each year the financing charges in SoCNE include the adjustments to unwind one year's discount so that liabilities are shown at current price level.

#### 1.26 Taxation

##### *Value Added Tax (VAT)*

VAT is paid or received in accordance with the prevalent tax rules. In general, most of the activities of the group are outside the scope of VAT and output tax does not normally apply. Some ALBs have trading activities where VAT is charged at the prevailing rate and where related input VAT costs are deemed recoverable. Input tax is also recoverable on certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets.

##### *Corporation Tax*

In accordance with IAS 12 *Income Taxes*, corporation tax is liable on the taxable activities of the group that fall within the scope of corporation tax. The tax charge represents the sum of currently payable and deferred tax which is recognised in the SoCNE except where they relate to items recognised directly in taxpayers' equity, in which case they are recognised in the Consolidated Statement of Taxpayers' Equity.

Current tax is the expected tax payable for the year by the group, using tax rates that are enacted or substantively enacted at the accounting date, and any adjustment to tax payable in respect of previous years.

#### 1.27 Reserves

The Consolidated Statement of Taxpayers' Equity comprises the reserves for the core department, and the group.

These reserves include:

- The general fund reserve represents the group's total taxpayers' equity not including the charitable and lottery funds. These reserves are made up of total assets less liabilities, to the extent that the total is not represented by other reserves and financing items;
- The revaluation reserve reflects the unrealised balance of the cumulative indexation and revaluation adjustments to assets (other than donated assets, assets funded by grants, and assets held in charity or lottery funds);

- The lottery funds are the total reserves of the lottery distributors within the group. As these are presented after elimination of inter-company transactions they will not agree back to the individual ALB accounts. The lottery funds comprise the general fund, and revaluation reserve held by the lottery distributors. These reserves are shown in the accounts as a combined figure as they are reserves only for use by the lottery distributors; and
- The charity funds are the total reserves of the charitable ALBs within the group. As these are presented after elimination they will not agree back to the individual ALB accounts. These comprise the charity general funds, restricted reserves, unrestricted reserves, and any pension or revaluation reserve held by the charity ALBs. These reserves are shown in the departmental consolidated accounts as a combined figure as they are reserves only for use by the charitable ALBs.

### **1.28 Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the DCMS Executive Board. The segmental analysis in note 2 presents the financial information based on the structure reported to the Board. The segments reflect the operational structure within the department.

### **1.29 Third party assets**

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

### **1.30 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

A contingent liability can also include an amount where a present obligation arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Where the time value of money is material, contingent liabilities are stated at discounted amounts.

### **1.31 Contingent assets**

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group. Where the time value of money is material, the contingent assets are stated at discounted amounts.

### **1.32 Accounting estimates and judgements**

#### *Critical accounting estimates and judgements*

The preparation of the group's accounts requires management of the core Department and the ALBs to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenditure. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *Valuation of non-current assets*

The value of the group's property, plant and equipment, right of use assets and intangibles are estimated based on the period over which the assets are expected to be available for use. Such estimation is based on experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or legal or other limits on the use of an asset.

The valuation of the BBC's property assets is based on future rental income. Inherent in this valuation are estimates of future rental income which are subject to movements in the rental market. Specialist adaptations (e.g. studios) have been valued using the depreciated replacement cost method.

The group has a number of buildings and works of art that are classed as heritage assets. These specialised non-current assets have a restricted use and cannot be sold on the open market. Consequently they are, where possible, valued using the depreciated replacement cost of a modern equivalent rather than the replacement cost of the original.

#### *Extension options*

At lease commencement the group makes a decision as to whether we are reasonably certain to be exercising break clauses or extension options. This estimate determines the length of the lease term impacting the lease liabilities and right of use assets. This has been reviewed if there is a significant event or significant change of circumstances.

The BBC has a number of options to extend the lease on a right-of use asset, or to purchase the underlying asset – typically relating to land and buildings, either in the UK or overseas. An assessment of the location and the availability of suitable alternatives has been undertaken in determining the likelihood of exercising these options. Management's estimate determines the length of the lease term impacting the lease liabilities and right of use assets.

The BBC exercises judgment and estimates over options of a leased building. Management's judgement includes use of alternative buildings and the strategic importance of the building. Estimates include the length of lease term. The impact of these judgements and estimates are significant to the financial statements and are reviewed on a regular basis.

#### *Valuation of BBC Commercial Holdings' public corporations*

See note 1.15.

#### *Provisions for liabilities and charges*

The provisions for liabilities and charges reported in note 19 reflect judgements about the likelihood that a future transfer of economic benefits will arise as a result of past events. A provision is recognised where the likelihood of a liability crystallising is deemed probable and where it is possible to quantify the effect with reasonable certainty. Where the likelihood of potential liabilities crystallising is judged to be possible, a contingent liability is disclosed.

#### *Retirement benefit obligations*

The present value of the net pension liability detailed in note 22 depends on a number of actuarially derived assumptions about inflation, salary and pension trends, discount factors, mortality rates, and long term rate of return on the assets (equities, bonds and property) underlying the relevant pension funds. The estimated liability is subject to fluctuation and uncertainty due to changes in these assumptions over time and differences between assumptions and actual events. A small change in assumptions can have a significant impact on the valuation of the liabilities. Further analysis on the sensitivity of the BBC pension assumptions is given in note 22.2.2.

#### *Expected credit loss*

The forward looking impairment assessment model includes some estimates and judgements on the likelihood of default on our amortised cost assets. The quantum of these estimates and judgements is included within note 4.4.

#### *Impact of COVID-19*

COVID-19, which was declared a 'global pandemic' on 11 March 2020, has impacted global financial markets and wider economies. Overall, we have considered the financial impacts for the 2020-21 reporting period, appropriate figures and disclosures have been included in these accounts.

The core Department has issued COVID-19 support loans to the sectors that it operates in, which include the Sport Survival Package, the Cultural Recovery Fund and a Rugby Football League emergency loan (see note 13). These support packages have been classified as financial assets measured at amortised cost in line with IFRS 9 – *Financial instruments* as the cash flows are solely payments of principal and interest.

The transaction price is different to their fair value. The fair value has been calculated by discounting the future cash flows at the higher of the rate intrinsic to the loans and the real financial instrument discount rate set by HM Treasury (promulgated in Public Expenditure System (PES) papers). DCMS has elected to treat this difference as a government grant, in line with IAS 20 – *Government grants*, as in substance these loans are issued in support of DCMS's policy objectives. This adjustment is shown as expenditure in the Consolidated Statement of Comprehensive Net Expenditure when the loans are issued as this is the point all conditions and obligations will have been met by the borrowers. Subsequently, the effective interest rate is applied to the support loan's gross carrying amount and recognised as interest revenue.

For the support loans, an expected credit loss allowance will be measured as the expected loss over the next 12 months (stage 1). If there has been a significant increase in the credit risk a lifetime expected credit loss will be applied (stage 2). For support loans that become credit-impaired (stage 3) the expected credit loss recognised is the difference between the asset's gross carrying amount and the present value of estimated future cash flows. Further information on the loss applied to the support loans can be found in note 11.

### **1.33 Changes in the group boundary**

There have been no changes to the Group Designation Order for 2020-21. The entities within the group therefore remain consistent with the previous reporting period. Further information, including a full list of entities, is included in note 28.

### **1.34 Machinery of Government (MOG) Changes**

DCMS had one MoG change affecting its accounts and estimates for the year ended 31 March 2021. A MoG is when functions or responsibilities have been merged or transferred within Government and are accounted for using merger accounting, in accordance with the FReM. These changes are effective from 21 July 2020, and were announced and confirmed in a written statement on 22 July 2020. The change was as follows:

- Government use of data  
Responsibility for government use of data has transferred from DCMS to the Cabinet Office. DCMS will retain responsibility for data policy for the economy and society. This change will help ensure that government data is used most effectively to drive policy making and service delivery. There were no prior period transactions/balances or movement of staff associated with this MoG.

### **1.35 Key changes to accounting policies and impacts for 2020-21 annual report and accounts**

There have been no key accounting policy changes in the 2020-21 annual report and accounts.

### **1.36 Changes to accounting standards not yet effective**

#### **IFRS 17 Insurance Contracts**

The International Accounting Standards Board (IASB) has issued IFRS 17 *Insurance Contracts* which replaces IFRS 4 *Insurance Contracts*. This is expected to be effective for accounting periods beginning on or after 1 January 2023, following IASB's decision to defer the effective date. IFRS 17 redefines what constitutes an insurance contract broadly, bringing many more situations in scope. Guidance has yet to be issued to government departments on the interpretation of this standard. The DCMS group impact assessment exercise will be performed ahead of the implementation date.

## 2. Statement of Operating Expenditure by Operating Segment

### 2.1 Statement of Comprehensive Net Expenditure by Operating Segment

|   | Note         | 2020-21          |                  |                             |                  |                                     |                          |                  |                  |                             |                  | 2019-20                             |                          |
|---|--------------|------------------|------------------|-----------------------------|------------------|-------------------------------------|--------------------------|------------------|------------------|-----------------------------|------------------|-------------------------------------|--------------------------|
|   |              | Core department  | BBC PSB group    | Lottery distributing bodies | Other ALBs       | Amounts eliminated on consolidation | Total as per group SoCNE | Core department  | BBC PSB group    | Lottery distributing bodies | Other ALBs       | Amounts eliminated on consolidation | Total as per group SoCNE |
|   |              | £'000            | £'000            | £'000                       | £'000            | £'000                               | £'000                    | £'000            | £'000            | £'000                       | £'000            | £'000                               | £'000                    |
| Staff costs   | 3            | 115,854          | 1,428,504        | 79,732                      | 675,733          | 1,017                               | 2,300,840                | 87,094           | 1,305,557        | 83,343                      | 658,737          | 125                                 | 2,134,856                |
| Grant and subsidies to sponsored bodies   | 4.1          | 6,172,214        | -                | -                           | 10,850           | (6,172,214)                         | 10,850                   | 5,090,004        | -                | -                           | 13,151           | (5,090,004)                         | 13,151                   |
| Other grants  | 4.2          | 679,804          | -                | 1,434,296                   | 1,983,732        | (229,066)                           | 3,868,766                | 295,040          | -                | 1,227,180                   | 841,883          | (29,106)                            | 2,334,997                |
| Purchase of goods and services  | 4.3          | 73,602           | 927              | 32,135                      | 347,609          | (13,762)                            | 440,511                  | 50,337           | 3,520            | 48,868                      | 482,554          | (11,133)                            | 574,146                  |
| Depreciation, amortisation, impairment charges and expected credit loss adjustments | 4.4          | 5,777            | 227,023          | 7,510                       | 197,792          | -                                   | 438,102                  | 109,960          | 619,701          | 23,394                      | 237,597          | -                                   | 990,652                  |
| Provisions expense  | 4.5          | 2,586            | 102,178          | 30,307                      | 3,674            | -                                   | 138,745                  | -                | 41,237           | 85,763                      | 9,034            | -                                   | 136,034                  |
| Finance cost  | 4.6          | 2,649            | 51,638           | 272                         | 8,672            | -                                   | 63,231                   | 2,729            | 53,482           | 400                         | 8,316            | -                                   | 64,927                   |
| Other operating expenditure   | 4.6          | 37,540           | 2,084,862        | 28,686                      | 231,074          | (106,176)                           | 2,275,986                | 44,221           | 2,642,501        | 9,240                       | 278,907          | (100,027)                           | 2,874,842                |
| <b>Total expenditure</b>  | <b>SoCNE</b> | <b>7,090,026</b> | <b>3,895,132</b> | <b>1,612,938</b>            | <b>3,459,136</b> | <b>(6,520,201)</b>                  | <b>9,537,031</b>         | <b>5,679,385</b> | <b>4,665,998</b> | <b>1,478,188</b>            | <b>2,530,179</b> | <b>(5,230,145)</b>                  | <b>9,123,605</b>         |
| Income from contracts with customers  | 5.1          | (44,361)         | (166,767)        | -                           | (264,376)        | 839                                 | (474,665)                | (43,186)         | (188,921)        | -                           | (383,287)        | 793                                 | (614,601)                |
| Current grant income  | 5.1          | (99,169)         | (85,642)         | (95)                        | (135,138)        | 94,081                              | (225,963)                | (93,778)         | (84,996)         | (8)                         | (104,408)        | 91,815                              | (191,375)                |
| Other operating income  | 5.2          | (2,977)          | (39,515)         | (2,012,598)                 | (333,382)        | 253,067                             | (2,135,405)              | (14,704)         | (389,498)        | (1,751,784)                 | (403,671)        | 47,532                              | (2,512,125)              |
| <b>Total income</b>   | <b>SoCNE</b> | <b>(146,507)</b> | <b>(291,924)</b> | <b>(2,012,693)</b>          | <b>(732,896)</b> | <b>347,987</b>                      | <b>(2,836,033)</b>       | <b>(151,668)</b> | <b>(663,415)</b> | <b>(1,751,792)</b>          | <b>(891,366)</b> | <b>140,140</b>                      | <b>(3,318,101)</b>       |
| <b>Net expenditure for the year ended 31 March</b>                                  | <b>SoCNE</b> | <b>6,943,519</b> | <b>3,603,208</b> | <b>(399,755)</b>            | <b>2,726,240</b> | <b>(6,172,214)</b>                  | <b>6,700,998</b>         | <b>5,527,717</b> | <b>4,002,583</b> | <b>(273,604)</b>            | <b>1,638,813</b> | <b>(5,090,005)</b>                  | <b>5,805,504</b>         |



## 2.2 Statement of Financial Position by Operating Segment

|                                      | Note        | 2020-21            |                    |                             |                    |                                     |                         |                  | 2019-20            |                             |                  |                                     |                         |
|--------------------------------------|-------------|--------------------|--------------------|-----------------------------|--------------------|-------------------------------------|-------------------------|------------------|--------------------|-----------------------------|------------------|-------------------------------------|-------------------------|
|                                      |             | Core department    | BBC PSB group      | Lottery distributing bodies | Other ALBs         | Amounts eliminated on consolidation | Total as per group SoFP | Core department  | BBC PSB group      | Lottery distributing bodies | Other ALBs       | Amounts eliminated on consolidation | Total as per group SoFP |
|                                      |             | £'000              | £'000              | £'000                       | £'000              | £'000                               | £'000                   | £'000            | £'000              | £'000                       | £'000            | £'000                               | £'000                   |
| Non-current assets                   | SoFP        | 458,977            | 3,587,441          | 23,216                      | 8,441,289          | (19,837)                            | 12,491,086              | 121,198          | 3,556,006          | 21,851                      | 8,374,211        | (17,332)                            | 12,055,934              |
| Current assets                       | SoFP        | 1,393,374          | 1,644,881          | 1,362,598                   | 1,071,396          | (64,390)                            | 5,407,859               | 77,902           | 1,426,546          | 1,399,771                   | 682,392          | (25,764)                            | 3,560,847               |
| <b>Total assets</b>                  | <b>SoFP</b> | <b>1,852,351</b>   | <b>5,232,322</b>   | <b>1,385,814</b>            | <b>9,512,685</b>   | <b>(84,227)</b>                     | <b>17,898,945</b>       | <b>199,100</b>   | <b>4,982,552</b>   | <b>1,421,622</b>            | <b>9,056,603</b> | <b>(43,096)</b>                     | <b>15,616,781</b>       |
| Current liabilities                  | SoFP        | (1,555,171)        | (678,585)          | (1,075,517)                 | (1,216,990)        | 62,922                              | (4,463,341)             | (172,175)        | (792,043)          | (1,195,330)                 | (655,973)        | 23,935                              | (2,791,586)             |
| Non-current liabilities              | SoFP        | (114,645)          | (2,324,012)        | (1,103,782)                 | (431,129)          | 21,305                              | (3,952,263)             | (119,364)        | (2,103,827)        | (1,413,251)                 | (286,662)        | 19,161                              | (3,903,943)             |
| <b>Total liabilities</b>             | <b>SoFP</b> | <b>(1,669,816)</b> | <b>(3,002,597)</b> | <b>(2,179,299)</b>          | <b>(1,648,119)</b> | <b>84,227</b>                       | <b>(8,415,604)</b>      | <b>(291,539)</b> | <b>(2,895,870)</b> | <b>(2,608,581)</b>          | <b>(942,635)</b> | <b>43,096</b>                       | <b>(6,695,529)</b>      |
| <b>Total assets less liabilities</b> | <b>SoFP</b> | <b>182,535</b>     | <b>2,229,725</b>   | <b>(793,485)</b>            | <b>7,864,566</b>   | <b>-</b>                            | <b>9,483,341</b>        | <b>(92,439)</b>  | <b>2,086,682</b>   | <b>(1,186,959)</b>          | <b>8,113,968</b> | <b>-</b>                            | <b>8,921,252</b>        |

The Department reports its expenditure by operating segment in accordance with IFRS 8 *Operating Segments*. The group's operations are organised and managed by body. This includes the Department and ALBs. The group operating segments reflect the major bodies by expenditure within the group. All other bodies within the group are included under 'Other'. Each reportable segment represents a business or corporate unit. The operating segments included above are those used for reporting to the department's board.

Intra-group eliminations occur between group entities during the normal course of business. This is disclosed in the column 'Amounts eliminated on consolidation'.

The BBC is governed by Royal Charter and an associated agreement with government. The Charter and agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming.

### 3. Staff costs

|         | Permanently employed staff | Others | Contract and agency staff | Ministers | Special advisors | Total     |
|---------|----------------------------|--------|---------------------------|-----------|------------------|-----------|
|         | £'000                      | £'000  | £'000                     | £'000     | £'000            | £'000     |
| 2020-21 | 2,255,228                  | 12,920 | 32,509                    | 183       | -                | 2,300,840 |
| 2019-20 | 2,092,346                  | 10,604 | 31,588                    | 214       | 104              | 2,134,856 |

Details of staff numbers and related costs (and relevant disclosures) are in the Staff Report in the Accountability section of the Annual Report (page 69).

### 4. Expenditure

#### 4.1 Grants and subsidies to sponsored bodies

|  | 2020-21          |                    | 2019-20          |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | Core department  | Departmental group | Core department  | Departmental group |
|  | £'000            | £'000              | £'000            | £'000              |
| Grant-in-aid to ALBs                                   | 6,172,214        | -                  | 5,090,004        | -                  |
| Grants and subsidies to public sector                  | -                | 10,850             | -                | 13,151             |
| <b>Total: Grants and subsidies to sponsored bodies</b> | <b>6,172,214</b> | <b>10,850</b>      | <b>5,090,004</b> | <b>13,151</b>      |

Subsidies include an operating subsidy of £10.9m (2019-20: £13.2m) from Historic England to the English Heritage Trust for management of the National Collection of buildings, monuments and sites.

#### 4.1.1 Grant-in-Aid to ALBs

|  | 2020-21          | 2020-21          | 2019-20          |
|--|------------------|------------------|------------------|
|  | Estimate         | Outturn          | Outturn          |
|  | £'000            | £'000            | £'000            |
| Arts Council England   | 1,131,396        | 1,048,602        | 433,021          |
| Birmingham 2022  | 49,134           | 36,670           | 8,531            |
| BBC PSB Group  | 3,632,795        | 3,632,795        | 3,267,200        |
| British Film Institute                                       | 77,752           | 53,992           | 34,925           |
| British Library (includes Public Lending Right)              | 114,876          | 108,226          | 96,899           |
| British Museum   | 65,412           | 65,420           | 75,709           |
| Churches Conservation Trust                                  | 2,788            | 2,788            | 2,608            |
| Gambling Commission (for regulation of the National Lottery) | 19,268           | 17,854           | 17,020           |
| Gambling Commission (other)                                  | 1,942            | 1,667            | -                |
| Geffrye Museum Trust Limited (Museum of the Home)            | 2,322            | 1,889            | 2,196            |
| Historic England   | 171,005          | 163,905          | 89,495           |
| Horniman Public Museum and Public Park Trust                 | 4,721            | 4,661            | 3,970            |
| Imperial War Museum  | 34,405           | 31,658           | 22,822           |
| Information Commissioner's Office                            | 6,173            | 6,173            | 6,338            |
| National Citizen Service Trust                               | 102,200          | 75,367           | 158,620          |
| National Gallery   | 29,257           | 29,257           | 24,675           |
| National Heritage Memorial Fund                              | 167,372          | 183,287          | 6,270            |
| Royal Museums Greenwich                                      | 21,384           | 19,834           | 16,598           |
| National Museums Liverpool                                   | 25,176           | 25,176           | 22,386           |
| National Portrait Gallery                                    | 11,805           | 9,263            | 8,575            |
| Natural History Museum                                       | 60,254           | 60,254           | 46,672           |
| Office of Communications (Ofcom)                             | 27,698           | 23,910           | 310,377          |
| Royal Armouries Museum                                       | 8,602            | 8,430            | 7,834            |
| S4C  | 17,512           | 17,512           | 22,658           |
| Science Museum Group   | 65,850           | 65,584           | 70,542           |
| Sir John Soane's Museum                                      | 1,506            | 1,381            | 1,252            |
| Sport England  | 283,413          | 222,150          | 102,425          |
| Sports Grounds Safety Authority                              | 1,724            | 1,647            | 1,635            |
| Tate Gallery   | 51,570           | 51,570           | 41,208           |
| UK Anti-Doping   | 8,361            | 8,361            | 8,910            |
| UK Sport   | 73,838           | 69,464           | 67,357           |
| Victoria and Albert Museum                                   | 78,794           | 79,059           | 53,098           |
| Visit Britain  | 52,926           | 40,317           | 54,268           |
| Wallace Collection   | 4,341            | 4,091            | 3,910            |
| Savings not allocated at time of Estimate                    | 650              | -                | -                |
| <b>Grant-in-Aid per Supply Estimate</b>                      | <b>6,408,222</b> | <b>6,172,214</b> | <b>5,090,004</b> |

Grant-in-Aid (GIA) and funding paid to ALBs within the Group is eliminated upon consolidation. During the year there has been a significant increase in the GIA paid to ALBs to help cope with the impact of COVID-19 on them, notably the museums who were adversely affected by the lockdown and reduction in visitors. Several ALBs within the group received additional GIA to cover the grants paid out and administration costs of the Cultural Recovery Fund (Arts Council England, British Film Institute, Historic England and National Heritage Memorial Fund).

Sport England received additional GIA to cover grants paid out and administration costs of the Sport Survival Package and the NLRF (National Leisure Recovery Fund).

The £286.5m reduction in the funding to Ofcom is due to the one-off settlement in 2019-20 of the legal claim from Mobile Network Operators for the increase in fees paid between September 2015 and November 2017.

The £365.6m uplift in funding to the BBC is largely due to the over 75s now having to pay for a TV licence, in addition to an increase in licence fee.

The additional funding to the other public bodies in the year is in line with the increase in the Departmental Expenditure Limit.

Eight public bodies – classified or expected to be classified by Office for National Statistics to central government and sponsored by DCMS – have been consolidated into the 2020-21 DCMS group accounts at a summary level on the grounds of materiality. These are the Phone-paid Services Authority (PSA), the Churches Conservation Trust (CCT), Sports Grounds Safety Authority (SGSA), Horniman Public Museum and Public Park Trust (HMM), Royal Armouries Museum (RAM), Sir John Soane’s Museum (SJS), Wallace Collection (WCO) and UK Anti-Doping (UKAD). PSA is levy-funded and does not receive Grant-in-Aid.

## 4.2 Other grants

|                            | 2020-21         |                    | 2019-20         |                    |
|----------------------------|-----------------|--------------------|-----------------|--------------------|
|                            | Core department | Departmental group | Core department | Departmental group |
|                            | £'000           | £'000              | £'000           | £'000              |
| Capital grants             | 152,091         | 602,042            | 132,809         | 575,119            |
| Current grants             | 527,713         | 3,266,724          | 162,231         | 1,759,878          |
| <b>Total: Other grants</b> | <b>679,804</b>  | <b>3,868,766</b>   | <b>295,040</b>  | <b>2,334,997</b>   |

Group capital grants have increased by £26.9m. This movement includes a £40.5m increase at Arts Council England due to the Culture Recovery Fund (CRF) Programme, a £65.3m increase at Historic England for grant funds in relation to COVID-19 relief, a £46.0m increase at the National Heritage Memorial Fund to deliver emergency funds and a £19.3m increase at the core department due to higher levels of activity on the BDUK/5G project.

The above group capital grants are offset by an £81.0m decrease at the National Lottery Heritage Fund which is the result of restrictions placed on the level of awards granted in order to improve long-term solvency and a £52.7m decrease at the Office of Communications due to the 700MHz programme approaching completion therefore reducing the requirement of grant funding for capital costs.

Group current grants have increased by £1,506.8m which is made up of a £711.9m increase at Arts Council England Exchequer due to the CRF Grants Programme, a £177.5m increase at the National Lottery Community Fund relating to the Coronavirus Community Support Fund, increases of £601.0m (British Film Institute £34.5m, National Heritage Memorial Fund £132.6m, Sport England Lottery £68.4m and the Core Department £365.5m) for COVID-19 recovery packages, and £97.2m and £48.9m at Sport England Exchequer for the National Leisure Recovery Fund and the Sport Survival Package respectively.

### 4.3 Purchase of goods and services

|   | 2020-21         |                    | 2019-20         |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| Professional services   | 57,829          | 183,446            | 37,008          | 243,603            |
| Human resources   | 2,425           | 17,607             | 1,534           | 21,912             |
| Marketing and media   | 354             | 27,310             | 518             | 35,831             |
| Premises expenses   | (260)           | 103,649            | 1,196           | 117,593            |
| Business rates  | 666             | 5,444              | 697             | 16,880             |
| Utilities   | 260             | 18,427             | 160             | 23,243             |
| Rentals under operating leases  | -               | 1,066              | -               | 74                 |
| PFI service charges   | -               | 610                | -               | -                  |
| IT maintenance and support  | 10,456          | 72,756             | 5,325           | 67,082             |
| Travel and subsistence  | 476             | 2,975              | 2,195           | 30,130             |
| Audit fees (statutory accounts) - cash  | -               | 3,165              | -               | 2,908              |
| Expenses relating to short term liabilities*  | -               | 8                  | -               | 5,687              |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets* | 896             | 3,440              | 1,289           | 8,547              |
| Variable lease payments not included in measurement of lease liabilities*                         | -               | 108                | -               | 241                |
| <b>Sub-total: cash items*</b>   | <b>73,102</b>   | <b>440,011</b>     | <b>49,922</b>   | <b>573,731</b>     |
| <b>Non-cash items</b>   |                 |                    |                 |                    |
| Auditors' remuneration  | 500             | 500                | 415             | 415                |
| <b>Sub-total: non-cash items</b>  | <b>500</b>      | <b>500</b>         | <b>415</b>      | <b>415</b>         |
| <b>Total: Purchase of goods and services</b>  | <b>73,602</b>   | <b>440,511</b>     | <b>50,337</b>   | <b>574,146</b>     |

\*The prior year figures have been updated to include lease payments, which were previously only disclosed in note 20.

#### Professional services

£68.2m of the group's decrease in professional services was directly attributed to the National Citizen Service (NCS) not being able to run its programmes, which require professional services, due to the COVID-19 pandemic.

Included within professional services is £46.1m of consultancy costs (2019-20: £32.9m) comprising core department £16.6m (2019-20: £3.9m) and in respect of the ALBs, £29.5m (2019-20: £29.0m). The increase in the core departmental expenditure is due to COVID-19 and EU exit related projects.

#### Auditors' remuneration

Audit fees (cash) of £3,165k (2019-20: £2,908k) relates to the statutory audit of the ALBs. Of the cash fees £2,981k (2019-20: £2,723k) was payable to the National Audit Office (NAO) on behalf of the C&AG and £184k (2019-20: £185k) was payable to other auditors.

Notional non-cash auditors' remuneration for the cost of the audit of the group's accounts was £500k (2019-20: £415k).

In 2020-21 the core department did not purchase any non-audit services from its auditor, the Comptroller and Auditor General (C&AG) (2019-20: £nil). The ALBs did not purchase non-audit services from other auditors nor the NAO in the year (2019-20: £nil). Further details can be obtained from the accounts of the ALBs.



## IT maintenance and support

For the core department there has been an increase of £5.1m in IT maintenance and support costs. This has been caused by several factors which include an IT change project in the core department, increase in cloud computing costs and BDUK implementing new systems.

## Other Expenditure

There has been a decrease in costs in travel and subsistence, premises expenses and business rates of £27.2m, £13.9m and £11.4m respectively. This is due to the impact that the pandemic has had on group operations.

### 4.4 Depreciation, amortisation, impairment charge and expected credit loss

|   | 2020-21         |                    | 2019-20         |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| Depreciation  | 2,457           | 247,008            | 1,826           | 240,830            |
| Depreciation on right of use assets                                       | 2,020           | 106,281            | 9,677           | 110,540            |
| Amortisation  | 443             | 20,017             | 566             | 24,373             |
| Impairments/(write backs)   | (195)           | 8,959              | (1,478)         | 12,808             |
| Impairment on right of use assets   | -               | 54,264             | 98,684          | 599,301            |
| Expected credit loss  | 1,052           | 1,573              | 685             | 2,800              |
| <b>Depreciation, amortisation and impairment charges - non-cash total</b> | <b>5,777</b>    | <b>438,102</b>     | <b>109,960</b>  | <b>990,652</b>     |

The decrease in impairments on right of use assets is due to large impairments arising in 2019-20 as a result of the adoption of IFRS 16 - *Leases*. The prior year figure was mostly driven by the BBC as the adoption of IFRS 16 rental value proved higher than market value.

### 4.5 Provisions expense

|  | 2020-21         |                    | 2019-20         |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Provisions:                                |                 |                    |                 |                    |
| Unwinding of discount                      | -               | 10                 | -               | 25                 |
| Provided for/(released)                    | 2,586           | 138,735            | -               | 136,009            |
| <b>Provisions expense - non-cash total</b> | <b>2,586</b>    | <b>138,745</b>     | <b>-</b>        | <b>136,034</b>     |

The National Lottery Community Fund (NLCF) has provided £18.9m (2019-20: £71.1m) relating to dormant account income to be paid out.

The BBC has provided £102.2m (2019-20: £41.2m) primarily relating to restructuring provisions.

## 4.6 Other operating expenditure

|  | 2020-21         |                    | 2019-20         |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Broadcasting and media                                   | -               | 1,834,138          | -               | 2,429,418          |
| Sport  | -               | 27,016             | -               | 31,270             |
| Tourism  | -               | 10,859             | -               | 40,554             |
| Ceremonial and cultural events                           | 2,270           | 8,830              | 2,141           | 4,642              |
| Historical and heritage                                  | 26,554          | 36,218             | 36,713          | 45,347             |
| Museums, galleries, art & exhibits                       | 523             | 44,388             | 381             | 59,072             |
| Libraries  | -               | 6,040              | -               | 6,009              |
| Interest payable   | -               | 43,148             | -               | 62,094             |
| Early departure costs                                    | (15)            | 110,578            | 80              | 39,879             |
| Research & development (capital)                         | 1,491           | 7,710              | -               | 8,935              |
| Other expenditure  | (50,112)        | (29,836)           | 4,901           | 40,749             |
| <b>Sub-total: cash items (excluding finance costs)</b>   | <b>(19,289)</b> | <b>2,099,089</b>   | <b>44,216</b>   | <b>2,767,969</b>   |
| <b>Non-cash items</b>                                    |                 |                    |                 |                    |
| Interest on pension liabilities                          | -               | 5,657              | -               | 23,731             |
| (Profit)/loss on disposal of property, plant & equipment | 134             | 4,570              | 5               | 1,627              |
| Revaluations   | 56,695          | 167,023            | -               | 81,215             |
| Write offs/(write backs)                                 | -               | (372)              | -               | 351                |
| Unrealised foreign exchange rate (gains)/losses          | -               | -                  | -               | (51)               |
| Other non-cash charges                                   | -               | 19                 | -               | -                  |
| <b>Sub-total: Non-cash items</b>                         | <b>56,829</b>   | <b>176,897</b>     | <b>5</b>        | <b>106,873</b>     |
| <b>Total: Other operating expenditure</b>                | <b>37,540</b>   | <b>2,275,986</b>   | <b>44,221</b>   | <b>2,874,842</b>   |
| Finance costs  | 2,649           | 63,231             | 2,729           | 64,927             |
| <b>Total: Other expenditure</b>                          | <b>40,189</b>   | <b>2,339,217</b>   | <b>46,950</b>   | <b>2,939,769</b>   |

The prior year figures have been re-presented to include finance costs which were previously only shown in note 20.

The decrease in Broadcasting and Media spend of £595.3m is due to reduced business activity impacted by COVID-19 restrictions.

Tourism spend decreased by £29.7m due to COVID-19 restrictions reducing travel and the ability to hold events resulting in lower expenditure in the current year.

Early departure costs have increased by £70.7m, mostly due to the ongoing efficiency programme at the BBC.

The core department credit to other expenditure relates to COVID-19 support package capital grants being issued below market rate (per note 4.2); and subsequent entries required to reflect the correct cash/non-cash split and budgetary outcome of this transaction.

The increase to revaluations is mostly due to £56.7m in DCMS core, arising from the discounting of loans related to COVID-19 support packages (see note 13).

## 5. Income

### 5.1 Revenue from contracts with customers and current grant income

|  | 2020-21         |                    | 2019-20         |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Goods and services   | 18,235          | 149,015            | 16,560          | 203,993            |
| Rental income  | (115)           | 23,562             | 19              | 15,509             |
| Fees, charges and duties   | 26,241          | 148,450            | 26,607          | 160,595            |
| Levies   | -               | 81,978             | -               | 103,087            |
| Royalties  | -               | 40,720             | -               | 41,707             |
| Charity Income - sponsorship and trading                             | -               | 30,940             | -               | 89,710             |
| <b>Total: Income from contracts with customers</b>                   | <b>44,361</b>   | <b>474,665</b>     | <b>43,186</b>   | <b>614,601</b>     |
| Current grant income   | 99,169          | 225,963            | 93,778          | 191,375            |
| <b>Total income from contracts with customers and current grants</b> | <b>143,530</b>  | <b>700,628</b>     | <b>136,964</b>  | <b>805,976</b>     |

Income from contracts with customers for the group totalled £474.7m in the year (2019-20: £614.6m). Of the total, the BBC comprises £166.8m (2019-20: £188.9m), of which £106.0m (2019-20: £137.0m) relates to the goods and services line, specifically to Broadcasting services, being content and format sales, production income and subscription fees. The remainder is royalties of £40.0m (2019-20: £40.0m) and rental income of £20.8m (2019-20: £11.9m). Income from commercial activities for British Tourist Authority fell to £1.2m (2019-20: £18.0m) due to travel restrictions imposed worldwide as a result of the COVID-19 pandemic.

Where by statute or Treasury consent, an entity is permitted to retain the revenue from taxation, fines and penalties, this revenue is treated as arising from a contract and accounted for under IFRS 15 – *Revenue from contracts with customers*. This applies even though there is no associated performance obligation. Levies, duties and legislative fees have been reclassified accordingly. Fees include administration, application and regulatory fees at Ofcom of £45.1m (2019-20: £46.6m), data protection fees at Information Commissioner's Office of £53.2m (2019-20: £48.7m), and operator annual licence fees at Gambling Commission of £18.8m (2019-20: £19.9m).

Total Levy income for the year received by the Horserace Betting Levy Board was £82.0m (2019-20: £103.1m). Due to COVID-19 racing was suspended or took place behind closed doors for most of the year resulting in a £21.1m decrease in levy income.

As a response to the global COVID-19 pandemic, the Coronavirus Job Retention Scheme was introduced. Under this scheme, HMRC agreed to reimburse the lower of 80% of the employees salary, or £2,500 per month for employees who have been asked to stop working ('furloughed'), but who are being kept on the payroll for job retention purposes. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs, so amounts received have been recognised as a government grant in the Statement of Comprehensive Net Expenditure over the same period as the costs to which they relate.

During the 2020-21 financial year, the group received £29.4m of current grant income under this scheme and a total of 4,339 employees and casual staff were furloughed for various lengths of time throughout the period. The main reasons for the claims were the closures of many venues (including museums, galleries and cinemas) resulting from the restrictions imposed due to COVID-19. Given the nature of these roles, staff could not be redeployed to other activities.

Similar to the Coronavirus Job Retention Scheme, HMRC agreed to reimburse up to two weeks' Statutory Sick Pay for employee absence due to becoming infected with COVID-19. The group claimed £1k under this scheme during the 2020-21 period, representing 7 working days.

### 5.1.1 Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are (partially) unsatisfied at the reporting date:

|                                 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026 onwards |
|---------------------------------|---------|---------|---------|---------|---------|--------------|
| Revenue expected to be received | £'000   | £'000   | £'000   | £'000   | £'000   | £'000        |
| Broadcasting services           | 57,824  | 29,004  | 29,090  | 214,309 | -       | -            |

The Department applies the practical expedient allowable by paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have expected durations of one year or less. All reportable obligations are in relation to the broadcasting services contracts (BBC and BFI).

Further details of relevant policies in relation to performance obligations are disclosed in the BBC Group Financial Statements (note H – accounting policies).

## 5.2 Other operating income

|  | 2020-21         |                    | 2019-20*        |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Lottery income                                   | -               | 1,699,048          | -               | 1,670,814          |
| Capital grant income                             | 1,135           | 10,353             | 2,757           | 18,283             |
| Recoveries                                       | 888             | 50,994             | 60              | 61,348             |
| Property Sales proceeds/overages                 | -               | -                  | 333             | 333                |
| Fees for licences and broadcast licences         | -               | 18,491             | 10,007          | 268,221            |
| Charity income - donations                       | -               | 115,338            | 12              | 139,014            |
| Interest   | 920             | 20,203             | 1,290           | 34,785             |
| Dividends  | -               | 1,236              | -               | 75,259             |
| Charity income - other                           | -               | 7,624              | -               | 55,215             |
| Other operating income                           | 34              | 137,640            | 141             | 136,987            |
| Income of sub-leasing right-of-use assets        | -               | 12,027             | 104             | 13,369             |
| <b>Sub-total: cash items</b>                     | <b>2,977</b>    | <b>2,072,954</b>   | <b>14,704</b>   | <b>2,473,628</b>   |
| <b>Non-cash items</b>                            |                 |                    |                 |                    |
| Profit/(loss) on disposal of assets:             |                 |                    |                 |                    |
| - Assets held for sale                           | -               | (1)                | -               | -                  |
| - Financial assets                               | -               | 20,399             | -               | 2,737              |
| Share of profit on joint ventures and associates | -               | 3,162              | -               | (2,181)            |
| Revaluation of financial assets/liabilities      | -               | 253                | -               | 2,047              |
| Peppercorn lease income - capital grant in kind  | -               | 11,500             | -               | -                  |
| Charity income - asset donations                 | -               | 27,138             | -               | 35,894             |
| <b>Sub-total: Non-cash items</b>                 | <b>-</b>        | <b>62,451</b>      | <b>-</b>        | <b>38,497</b>      |
| <b>Total: Other operating income</b>             | <b>2,977</b>    | <b>2,135,405</b>   | <b>14,704</b>   | <b>2,512,125</b>   |

\*The prior year figures have been updated to include lease income, which were previously only disclosed in note 20.

### Significant movements in income

Fees for licences and broadcast licences – income has fallen by £249.7m, driven by a decrease in BBC's licence fee income resulting from the phasing out of the DWP contribution for concessionary licences for over 75's, with 2019-20 being the final year of contributions. The core department has also seen a £10.0m decrease primarily due BBC's contribution to broadband as per the 2010 Licence Fee Settlement ending in 2019-20. In 2019-20 the core department collected £10.0m from the BBC for contributions to broadband, which was eliminated in the group accounts. This money was paid over to the Consolidated Fund, see SOPS note 4.1 in the primary statements to the accounts.

Dividends – BBC received reduced dividends this year (retained to mitigate potential COVID-19 risks) which resulted in a £72.7m decrease in dividend income.

Charity income (other) – income has decreased by £47.6m as result of museums, galleries and the British Film Institute closing due to the COVID-19 pandemic.



## 6. Property, plant and equipment

|  | 2020-21          |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
|--|------------------|--------------------|--------------------|------------------------------------|-------------------------------|----------------------------------|---|---------------------------------------|------------------|--|
|  | Land<br>£'000    | Buildings<br>£'000 | Dwellings<br>£'000 | Information<br>technology<br>£'000 | Plant &<br>machinery<br>£'000 | Furniture &<br>fittings<br>£'000 | Antiques,<br>works of art &<br>collections<br>£'000 | Assets under<br>construction<br>£'000 | Total<br>£'000   |  |
| <b>Cost or valuation</b>   |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| At 1 April 2020  | 1,586,160        | 3,559,574          | 3,359              | 108,663                            | 2,027,381                     | 462,159                          | 865   | 244,377                               | 7,992,528        |  |
| Additions  | 8,150            | 17,788             | -                  | 8,051                              | 10,274                        | 7,564                            | -   | 129,895                               | 181,722          |  |
| Donations  | -                | -                  | -                  | -                                  | -                             | -                                | -   | 25                                    | 25               |  |
| Disposals  | -                | (8,640)            | (54)               | (12,194)                           | (17,823)                      | (7,859)                          | -   | -                                     | (46,570)         |  |
| Revaluations   | 29,243           | (86,077)           | 26                 | 192                                | (51,288)                      | (36)                             | -   | -                                     | (107,940)        |  |
| Impairments  | (22)             | (12,647)           | -                  | -                                  | (521)                         | 49                               | -   | -                                     | (13,141)         |  |
| Reclassifications  | 7                | 3,292              | -                  | 275                                | 71,324                        | 3,342                            | -   | (78,240)                              | -                |  |
| Transfers (to)/from assets held for sale/intangibles/investment properties/<br>heritage assets/right of use assets | (15,877)         | 82,952             | -                  | 2,319                              | 15,422                        | 1,423                            | -   | (68,174)                              | 18,065           |  |
| <b>At 31 March 2021</b>  | <b>1,607,661</b> | <b>3,556,242</b>   | <b>3,331</b>       | <b>107,296</b>                     | <b>2,054,769</b>              | <b>466,642</b>                   | <b>865</b>  | <b>227,883</b>                        | <b>8,024,689</b> |  |
| <b>Depreciation</b>  |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| At 1 April 2020  | -                | 256,762            | 997                | 88,985                             | 867,114                       | 331,624                          | -   | -                                     | 1,545,482        |  |
| Charged in year  | -                | 90,927             | 147                | 7,861                              | 124,359                       | 23,714                           | -   | -                                     | 247,008          |  |
| Disposals  | -                | (3,330)            | (54)               | (12,030)                           | (16,746)                      | (7,550)                          | -   | -                                     | (39,710)         |  |
| Revaluations   | -                | (60,513)           | (755)              | 190                                | (44,004)                      | (30)                             | -   | -                                     | (105,112)        |  |
| Impairments  | -                | 92                 | -                  | -                                  | 9                             | -                                | -   | -                                     | 101              |  |
| Reclassifications  | -                | (121)              | -                  | (1)                                | 57                            | 65                               | -   | -                                     | -                |  |
| Transfers (to)/from assets held for sale/intangibles/investment properties/<br>heritage assets/right of use assets | -                | 6,416              | 37                 | -                                  | 72                            | (7)                              | -   | -                                     | 6,518            |  |
| <b>At 31 March 2021</b>  | <b>-</b>         | <b>290,233</b>     | <b>372</b>         | <b>85,005</b>                      | <b>930,861</b>                | <b>347,816</b>                   | <b>-</b>  | <b>-</b>                              | <b>1,654,287</b> |  |
| <b>Carrying amount:</b>  |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| 31 March 2021  | 1,607,661        | 3,266,009          | 2,959              | 22,291                             | 1,123,908                     | 118,826                          | 865   | 227,883                               | 6,370,402        |  |
| 31 March 2020  | 1,586,160        | 3,302,812          | 2,362              | 19,668                             | 1,160,267                     | 130,535                          | 865   | 244,377                               | 6,447,046        |  |
| <b>Of which:</b>   |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| Core department  | 7,374            | 17,267             | -                  | 3,736                              | 885                           | 857                              | -   | -                                     | 30,119           |  |
| Arm's length bodies  | 1,600,287        | 3,248,742          | 2,959              | 18,555                             | 1,123,023                     | 117,969                          | 865   | 227,883                               | 6,340,283        |  |
| <b>Carrying amount at 31 March 2021</b>  | <b>1,607,661</b> | <b>3,266,009</b>   | <b>2,959</b>       | <b>22,291</b>                      | <b>1,123,908</b>              | <b>118,826</b>                   | <b>865</b>  | <b>227,883</b>                        | <b>6,370,402</b> |  |

## 6. Property, plant and equipment (continued)

|  | 2019-20          |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
|--|------------------|--------------------|--------------------|------------------------------------|-------------------------------|----------------------------------|---|---------------------------------------|------------------|--|
|  | Land<br>£'000    | Buildings<br>£'000 | Dwellings<br>£'000 | Information<br>technology<br>£'000 | Plant &<br>machinery<br>£'000 | Furniture &<br>fittings<br>£'000 | Antiques,<br>works of art &<br>collections<br>£'000 | Assets under<br>construction<br>£'000 | Total<br>£'000   |  |
| <b>Cost or valuation</b>   |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| At 1 April 2019  | 1,674,449        | 4,306,657          | 3,551              | 101,821                            | 2,062,411                     | 455,247                          | 865   | 183,383                               | 8,788,384        |  |
| Transferred to right of use assets on 1 April 2019   | (10,182)         | (1,104,206)        | -                  | -                                  | (7,623)                       | (3,982)                          | -   | -                                     | (1,125,993)      |  |
| Additions  | -                | 12,587             | -                  | 7,319                              | 8,054                         | 12,087                           | -   | 173,133                               | 213,180          |  |
| Disposals  | (1,792)          | (9,442)            | (306)              | (5,405)                            | (92,838)                      | (11,471)                         | -   | (589)                                 | (121,843)        |  |
| Revaluations   | (73,131)         | 143,145            | 114                | 21                                 | 623                           | 955                              | -   | -                                     | 71,727           |  |
| Impairments  | -                | 11                 | -                  | -                                  | 1,610                         | (1)                              | -   | -                                     | 1,620            |  |
| Reclassifications  | -                | 5,255              | -                  | 1,622                              | 67,252                        | 4,567                            | -   | (78,696)                              | -                |  |
| Transfers (to)/from assets held for sale/intangibles/investment properties/<br>heritage assets/right of use assets | (3,184)          | 205,567            | -                  | 3,275                              | (12,108)                      | 4,757                            | -   | (32,854)                              | 165,453          |  |
| <b>At 31 March 2020</b>  | <b>1,586,160</b> | <b>3,559,574</b>   | <b>3,359</b>       | <b>108,653</b>                     | <b>2,027,381</b>              | <b>462,159</b>                   | <b>865</b>  | <b>244,377</b>                        | <b>7,992,528</b> |  |
| <b>Depreciation</b>  |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| At 1 April 2019  | 206              | 177,737            | 847                | 84,785                             | 897,875                       | 316,604                          | -   | -                                     | 1,478,054        |  |
| Transferred to right of use assets on 1 April 2019   | (206)            | (56,241)           | -                  | -                                  | (4,959)                       | (249)                            | -   | -                                     | (61,655)         |  |
| Charged in year  | -                | 82,741             | 151                | 7,463                              | 122,261                       | 25,340                           | -   | -                                     | 237,956          |  |
| Disposals  | -                | (8,580)            | (37)               | (5,160)                            | (92,529)                      | (11,268)                         | -   | -                                     | (117,574)        |  |
| Revaluations   | -                | (30,006)           | 36                 | 32                                 | (47,025)                      | 405                              | -   | -                                     | (76,558)         |  |
| Impairments  | -                | 688                | -                  | -                                  | 264                           | -                                | -   | -                                     | 952              |  |
| Reclassifications  | -                | 43                 | -                  | -                                  | (16)                          | (27)                             | -   | -                                     | -                |  |
| Transfers (to)/from assets held for sale/intangibles/investment properties/<br>heritage assets/right of use assets | -                | 90,380             | -                  | 1,865                              | (8,757)                       | 819                              | -   | -                                     | 84,307           |  |
| <b>At 31 March 2020</b>  | <b>-</b>         | <b>256,762</b>     | <b>997</b>         | <b>88,985</b>                      | <b>867,114</b>                | <b>331,624</b>                   | <b>-</b>  | <b>-</b>                              | <b>1,545,482</b> |  |
| <b>Carrying amount:</b>  |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| <b>31 March 2020</b>   | <b>1,586,160</b> | <b>3,302,812</b>   | <b>2,362</b>       | <b>19,668</b>                      | <b>1,160,267</b>              | <b>130,535</b>                   | <b>865</b>  | <b>244,377</b>                        | <b>6,447,046</b> |  |
| <b>31 March 2019</b>   | <b>1,674,243</b> | <b>4,128,920</b>   | <b>2,704</b>       | <b>17,036</b>                      | <b>1,164,536</b>              | <b>138,643</b>                   | <b>865</b>  | <b>183,383</b>                        | <b>7,310,330</b> |  |
| <b>Of which:</b>   |                  |                    |                    |                                    |                               |                                  |   |                                       |                  |  |
| Core department  | 7,374            | 18,002             | -                  | 2,552                              | 951                           | 974                              | -   | -                                     | 29,853           |  |
| Arm's length bodies  | 1,578,786        | 3,284,810          | 2,362              | 17,116                             | 1,159,316                     | 129,561                          | 865   | 244,377                               | 6,417,193        |  |
| <b>Carrying amount at 31 March 2020</b>  | <b>1,586,160</b> | <b>3,302,812</b>   | <b>2,362</b>       | <b>19,668</b>                      | <b>1,160,267</b>              | <b>130,535</b>                   | <b>865</b>  | <b>244,377</b>                        | <b>6,447,046</b> |  |

## Land & buildings valuation

The professional valuations of land and buildings undertaken within the group were prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Red Book. Land and buildings are revalued every five years by independent property consultants and, where appropriate, in the intervening periods relevant indices are used. Further information can be found in the individual financial statements of the ALBs.

Some ALBs have valued their land and buildings at modified historical cost as a proxy for fair value as it is considered not to be materially different to fair value.

The operational assets held by DCMS and its ALBs and used to deliver front line services and back office functions (as both PPE and Right of Use Assets) include a wide range of sites with specialised functions.

Apart from the BBC, the owned estate is predominantly accounted for by the value of land, buildings and plant and equipment for the museums, galleries and libraries, Historic England's operational non-heritage assets, and Sport England's National Sports Centres. These are all specialised assets for which there is no readily ascertainable market value in existing use.

In arriving at a current value in existing use, some 85% of the group's owned assets are therefore valued using estimates of the present value of these asset's remaining service potential. In practice, this has meant that valuers have adopted a depreciated replacement cost methodology.

Of the BBC's owned and right of use land and buildings, over three quarters have been valued using either a comparable/capitalised rental approach or a depreciated replacement cost valuation to assess the fair value in existing use due to the specialised nature of these assets. Depreciated Replacement Cost is defined in RICS Global Standards as 'the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'. Details of the valuation method applied by the BBC are included in the accounting policies note 1.8.

### Land

Land includes the Tate Gallery portfolio with a carrying value of £476.1m (31 March 2020: £475.5m); the British Library of £215.6m (31 March 2020: £226.5m); the Natural History Museum of £201.5m (31 March 2020: £190.7m); and the British Museum of £198.9m (31 March 2020: £188.2m).

### Buildings

Buildings includes the BBC with a carrying value of £130.0m (31 March 2020: £143.2m); the Tate Gallery of £424.8m (31 March 2020: £427.7m); the British Library of £445.3m (31 March 2020: £425.0m); the British Museum of £434.6m (31 March 2020: £454.9m); the Victoria and Albert Museum of £339.6m (31 March 2020: £349.9m) and the Natural History Museum of £312.6m (31 March 2020: £330.5m).

### Plant & machinery

Plant & machinery includes the Tate Gallery with a carrying value of £216.4m (31 March 2020: £229.6m); the BBC of £259.1m (31 March 2020: £259.1m); and the British Library of £219.1m (31 March 2020: £227.5m).

### Assets under construction

Assets under construction includes a large number of projects at the BBC with a carrying value of £75.0m (31 March 2020: £125.9m), the British Museum of £46.4m (31 March 2020: £25.5m), the National Gallery £20.6m (31 March 2020: £11.1m), the Imperial War Museum £28.4m (31 March 2020: £16.5m) and the Science Museum group of £10.2m (31 March 2020: £31.8m).

## 7. Right of Use Assets

|   | 2020-21       |                    |                                    |                               |                                  |                                       |                | Total<br>£'000   |
|---|---------------|--------------------|------------------------------------|-------------------------------|----------------------------------|---------------------------------------|----------------|------------------|
|   | Land<br>£'000 | Buildings<br>£'000 | Information<br>technology<br>£'000 | Plant &<br>machinery<br>£'000 | Furniture &<br>fittings<br>£'000 | Assets under<br>construction<br>£'000 | Other<br>£'000 |                  |
| <b>Cost or valuation</b>  |               |                    |                                    |                               |                                  |                                       |                |                  |
| At 1 April 2020   | 29,838        | 1,425,407          | 493                                | 10,966                        | 4,376                            | -                                     | 345            | 1,471,425        |
| Additions   | 11,500        | 67,430             | 555                                | 790                           | -                                | 9,500                                 | 290            | 90,065           |
| Disposals   | (1,592)       | (19,909)           | -                                  | (770)                         | (6)                              | -                                     | -              | (22,277)         |
| Revaluations  | 4,191         | (72,334)           | -                                  | -                             | (159)                            | -                                     | -              | (68,302)         |
| Impairments   | -             | (58,518)           | -                                  | -                             | -                                | -                                     | -              | (58,518)         |
| Transfers (to)/from assets held for sale/intangibles/<br>investment properties/heritage assets/property, plant and<br>equipment | 12,337        | (39,665)           | -                                  | -                             | -                                | -                                     | -              | (27,328)         |
| <b>At 31 March 2021</b>   | <b>56,274</b> | <b>1,302,411</b>   | <b>1,048</b>                       | <b>10,986</b>                 | <b>4,211</b>                     | <b>9,500</b>                          | <b>635</b>     | <b>1,385,065</b> |
| <b>Depreciation</b>   |               |                    |                                    |                               |                                  |                                       |                |                  |
| At 1 April 2020   | 49            | 63,284             | 171                                | 5,263                         | 570                              | -                                     | 138            | 69,475           |
| Charged in year   | 454           | 102,217            | 301                                | 2,846                         | 321                              | -                                     | 142            | 106,281          |
| Disposals   | -             | (1,342)            | -                                  | (658)                         | -                                | -                                     | -              | (2,000)          |
| Revaluations  | (590)         | (2,218)            | -                                  | -                             | (30)                             | -                                     | -              | (2,838)          |
| Impairments   | -             | -                  | -                                  | -                             | -                                | -                                     | -              | -                |
| Transfers (to)/from assets held for sale/intangibles/<br>investment properties/heritage assets/property, plant and<br>equipment | 182           | (3,363)            | -                                  | -                             | -                                | -                                     | -              | (3,181)          |
| <b>At 31 March 2021</b>   | <b>95</b>     | <b>158,578</b>     | <b>472</b>                         | <b>7,451</b>                  | <b>861</b>                       | <b>-</b>                              | <b>280</b>     | <b>167,737</b>   |
| <b>Carrying amount:</b>   |               |                    |                                    |                               |                                  |                                       |                |                  |
| <b>31 March 2021</b>  | <b>56,179</b> | <b>1,143,833</b>   | <b>576</b>                         | <b>3,535</b>                  | <b>3,350</b>                     | <b>9,500</b>                          | <b>355</b>     | <b>1,217,328</b> |
| <b>31 March 2020</b>  | <b>29,789</b> | <b>1,362,123</b>   | <b>322</b>                         | <b>5,703</b>                  | <b>3,806</b>                     | <b>-</b>                              | <b>207</b>     | <b>1,401,950</b> |
| <b>Asset financing:</b>   |               |                    |                                    |                               |                                  |                                       |                |                  |
| Owned   | -             | -                  | -                                  | -                             | -                                | -                                     | -              | -                |
| Finance leased  | 56,179        | 1,143,833          | 576                                | 3,535                         | 3,350                            | 9,500                                 | 355            | 1,217,328        |
| <b>Carrying amount at 31 March 2021</b>   | <b>56,179</b> | <b>1,143,833</b>   | <b>576</b>                         | <b>3,535</b>                  | <b>3,350</b>                     | <b>9,500</b>                          | <b>355</b>     | <b>1,217,328</b> |
| <b>Of which:</b>  |               |                    |                                    |                               |                                  |                                       |                |                  |
| Core department   | -             | 42,416             | -                                  | -                             | -                                | -                                     | -              | 42,416           |
| Arm's length bodies   | 56,179        | 1,101,417          | 576                                | 3,535                         | 3,350                            | 9,500                                 | 355            | 1,174,912        |
| <b>Carrying amount at 31 March 2021</b>   | <b>56,179</b> | <b>1,143,833</b>   | <b>576</b>                         | <b>3,535</b>                  | <b>3,350</b>                     | <b>9,500</b>                          | <b>355</b>     | <b>1,217,328</b> |

## Right of Use Assets (continued)

|   | 2019-20       |                    |                                    |                            |                               |                |   | Total<br>£'000   |
|---|---------------|--------------------|------------------------------------|----------------------------|-------------------------------|----------------|---|------------------|
|   | Land<br>£'000 | Buildings<br>£'000 | Information<br>technology<br>£'000 | Plant & machinery<br>£'000 | Furniture & fittings<br>£'000 | Other<br>£'000 |   |                  |
| <b>Cost or valuation</b>  |               |                    |                                    |                            |                               |                |   |                  |
| At 1 April 2019   | -             | -                  | -                                  | -                          | -                             | -              | - | -                |
| Transferred from property, plant and equipment on 1 April 2019  | 10,182        | 1,104,206          | -                                  | 7,623                      | 3,982                         | -              | - | 1,125,993        |
| Cumulative Catch Up   | (6,567)       | 712,012            | 468                                | 5,480                      | 126                           | 345            | - | 711,864          |
| Additions   | 54,971        | 779,858            | 25                                 | 2,307                      | 112                           | -              | - | 837,273          |
| Disposals   | -             | (1,406)            | -                                  | (4,444)                    | -                             | -              | - | (5,850)          |
| Revaluations  | (45)          | (401,010)          | -                                  | -                          | 156                           | -              | - | (400,899)        |
| Impairments   | (28,703)      | (580,275)          | -                                  | -                          | -                             | -              | - | (608,978)        |
| Transfers (to)/from assets held for sale/intangibles/<br>investment properties/heritage assets/property, plant and<br>equipment | -             | (187,978)          | -                                  | -                          | -                             | -              | - | (187,978)        |
| <b>At 31 March 2020</b>   | <b>29,838</b> | <b>1,425,407</b>   | <b>493</b>                         | <b>10,966</b>              | <b>4,376</b>                  | <b>345</b>     |   | <b>1,471,425</b> |
| <b>Depreciation</b>   |               |                    |                                    |                            |                               |                |   |                  |
| At 1 April 2019   | -             | -                  | -                                  | -                          | -                             | -              | - | -                |
| Transferred from property, plant and equipment on 1 April 2019  | 206           | 56,241             | -                                  | 4,959                      | 249                           | -              | - | 61,655           |
| Charged in year   | 535           | 109,272            | 171                                | 2,997                      | 301                           | 138            | - | 113,414          |
| Disposals   | -             | (1,105)            | -                                  | (2,693)                    | -                             | -              | - | (3,798)          |
| Revaluations  | -             | (967)              | -                                  | -                          | 20                            | -              | - | (947)            |
| Impairments   | -             | (9,677)            | -                                  | -                          | -                             | -              | - | (9,677)          |
| Transfers (to)/from assets held for sale/intangibles/<br>investment properties/heritage assets/property, plant and<br>equipment | (692)         | (90,480)           | -                                  | -                          | -                             | -              | - | (91,172)         |
| Transfers in/(out) of group   | -             | -                  | -                                  | -                          | -                             | -              | - | -                |
| <b>At 31 March 2020</b>   | <b>49</b>     | <b>63,284</b>      | <b>171</b>                         | <b>5,263</b>               | <b>570</b>                    | <b>138</b>     |   | <b>69,475</b>    |
| <b>Carrying amount:</b>   |               |                    |                                    |                            |                               |                |   |                  |
| <b>31 March 2020</b>  | <b>29,789</b> | <b>1,362,123</b>   | <b>322</b>                         | <b>5,703</b>               | <b>3,806</b>                  | <b>207</b>     |   | <b>1,401,950</b> |
| <b>31 March 2019</b>  | <b>-</b>      | <b>-</b>           | <b>-</b>                           | <b>-</b>                   | <b>-</b>                      | <b>-</b>       |   | <b>-</b>         |
| <b>Asset financing:</b>   |               |                    |                                    |                            |                               |                |   |                  |
| Owned   | -             | -                  | -                                  | -                          | -                             | -              | - | -                |
| Finance leased  | 29,789        | 1,362,123          | 322                                | 5,703                      | 3,806                         | 207            | - | 1,401,950        |
| <b>Carrying amount at 31 March 2020</b>   | <b>29,789</b> | <b>1,362,123</b>   | <b>322</b>                         | <b>5,703</b>               | <b>3,806</b>                  | <b>207</b>     |   | <b>1,401,950</b> |
| <b>Of which:</b>  |               |                    |                                    |                            |                               |                |   |                  |
| Core department   | -             | 22,706             | -                                  | -                          | -                             | -              | - | 22,706           |
| Arm's length bodies   | 29,789        | 1,339,417          | 322                                | 5,703                      | 3,806                         | 207            | - | 1,379,244        |
| <b>Carrying amount at 31 March 2020</b>   | <b>29,789</b> | <b>1,362,123</b>   | <b>322</b>                         | <b>5,703</b>               | <b>3,806</b>                  | <b>207</b>     |   | <b>1,401,950</b> |



See note 6 Property, plant and equipment, and note 1.8 for the valuation methods undertaken within the group.

Of the BBC's owned and right of use land and buildings, over three quarters have been valued using a either a comparable/capitalised rental approach or depreciated replacement cost valuation due to the specialised nature of these assets.

## Land

Land mainly comprises the Victoria and Albert Museum's Here East development site with a carrying value of £24.2m (2019-20: £24.2m) and various Royal Armouries leases with a carrying value of £22.1m (2019-20: £10.6m).

## Buildings

Buildings includes the BBC with a carrying value of £873.9m (2019-20: £1,043.0m); Ofcom - £42.9m (2019-20: £47.3m); DCMS core - £42.4m (2019-20: £22.7m); National Museums Liverpool - £37.0m (2019-20: £69.4m); Historic England - £26.1m (2019-20: £36.9m); Science Museum - £23.3m (2019-20: £22.5m) and the Victoria and Albert Museum - £22.1m (2019-20: £32.6m).

## 8. Heritage assets

The heritage assets owned by the group are split between land, buildings and other (which includes antiques, works of art and scientific and natural history collections) as shown in the table below. Further analysis of the heritage assets is included in note 8.1.

|   | 2020-21      |               |                  |                  |
|---|--------------|---------------|------------------|------------------|
|   | Land         | Buildings     | Other            | Total            |
|   | £'000        | £'000         | £'000            | £'000            |
| <b>Cost or valuation</b>                |              |               |                  |                  |
| At 1 April 2020                         | 2,400        | 85,666        | 1,659,782        | 1,747,848        |
| Additions                               | -            | 5,224         | 16,909           | 22,133           |
| Donations                               | -            | -             | 27,113           | 27,113           |
| Disposals                               | -            | -             | (12)             | (12)             |
| Revaluations                            | -            | 7,222         | 6,452            | 13,674           |
| Impairments                             | -            | (459)         | (6)              | (465)            |
| <b>At 31 March 2021</b>                 | <b>2,400</b> | <b>97,653</b> | <b>1,710,238</b> | <b>1,810,291</b> |
| <b>Depreciation</b>                     |              |               |                  |                  |
| At 1 April 2020                         | -            | 660           | 86               | 746              |
| <b>At 31 March 2021</b>                 | <b>-</b>     | <b>660</b>    | <b>86</b>        | <b>746</b>       |
| <b>Carrying amount:</b>                 |              |               |                  |                  |
| <b>31 March 2021</b>                    | <b>2,400</b> | <b>96,993</b> | <b>1,710,152</b> | <b>1,809,545</b> |
| <b>31 March 2020</b>                    | <b>2,400</b> | <b>85,006</b> | <b>1,659,696</b> | <b>1,747,102</b> |
| <b>Asset financing:</b>                 |              |               |                  |                  |
| Owned                                   | 2,400        | 96,993        | 1,710,152        | 1,809,545        |
| <b>Carrying amount at 31 March 2021</b> | <b>2,400</b> | <b>96,993</b> | <b>1,710,152</b> | <b>1,809,545</b> |
| <b>Of which:</b>                        |              |               |                  |                  |
| Core department                         | -            | -             | 16,415           | 16,415           |
| Arm's length bodies                     | 2,400        | 96,993        | 1,693,737        | 1,793,130        |
| <b>Carrying amount at 31 March 2021</b> | <b>2,400</b> | <b>96,993</b> | <b>1,710,152</b> | <b>1,809,545</b> |

## Heritage Assets (continued)

|   | 2019-20      |               |                  |                  |
|---|--------------|---------------|------------------|------------------|
|   | Land         | Buildings     | Other            | Total            |
|   | £'000        | £'000         | £'000            | £'000            |
| <b>Cost or valuation</b>                |              |               |                  |                  |
| At 1 April 2019                         | 2,400        | 73,723        | 1,568,853        | 1,644,976        |
| Additions                               | -            | 7,178         | 32,584           | 39,762           |
| Donations                               | -            | -             | 35,725           | 35,725           |
| Disposals                               | -            | -             | (71)             | (71)             |
| Revaluations                            | -            | 4,703         | 22,695           | 27,398           |
| Impairments                             | -            | 62            | (4)              | 58               |
| <b>At 31 March 2020</b>                 | <b>2,400</b> | <b>85,666</b> | <b>1,659,782</b> | <b>1,747,848</b> |
| <b>Depreciation</b>                     |              |               |                  |                  |
| At 1 April 2019                         | -            | 660           | 86               | 746              |
| Charged in year                         | -            | -             | -                | -                |
| <b>At 31 March 2020</b>                 | <b>-</b>     | <b>660</b>    | <b>86</b>        | <b>746</b>       |
| <b>Carrying amount:</b>                 |              |               |                  |                  |
| <b>31 March 2020</b>                    | <b>2,400</b> | <b>85,006</b> | <b>1,659,696</b> | <b>1,747,102</b> |
| <b>31 March 2019</b>                    | <b>2,400</b> | <b>73,063</b> | <b>1,568,767</b> | <b>1,644,230</b> |
| <b>Asset financing:</b>                 |              |               |                  |                  |
| Owned                                   | 2,400        | 85,006        | 1,659,696        | 1,747,102        |
| <b>Carrying amount at 31 March 2020</b> | <b>2,400</b> | <b>85,006</b> | <b>1,659,696</b> | <b>1,747,102</b> |
| <b>Of which:</b>                        |              |               |                  |                  |
| Core department                         | -            | -             | 15,680           | 15,680           |
| Arm's length bodies                     | 2,400        | 85,006        | 1,644,016        | 1,731,422        |
| <b>Carrying amount at 31 March 2020</b> | <b>2,400</b> | <b>85,006</b> | <b>1,659,696</b> | <b>1,747,102</b> |

## 8.1 Heritage assets

|  | Non-operational |                  | Operational   |               | Total heritage assets |
|--|-----------------|------------------|---------------|---------------|-----------------------|
|  | At cost         | At valuation     | At cost       | At valuation  |                       |
|  | £'000           | £'000            | £'000         | £'000         | £'000                 |
| <b>Cost or valuation</b>               |                 |                  |               |               |                       |
| Balance at 1 April 2020                | 463,305         | 1,196,336        | 27,815        | 60,392        | 1,747,848             |
| Additions                              | 16,122          | 436              | 5,575         | -             | 22,133                |
| Donations                              | 225             | 16,202           | 9,388         | 1,298         | 27,113                |
| Disposals                              | (12)            | -                | -             | -             | (12)                  |
| Impairments                            | -               | (6)              | -             | (459)         | (465)                 |
| Revaluations                           | -               | 6,452            | -             | 7,222         | 13,674                |
| <b>Balance at 31 March 2021</b>        | <b>479,640</b>  | <b>1,219,420</b> | <b>42,778</b> | <b>68,453</b> | <b>1,810,291</b>      |
| <b>Depreciation</b>                    |                 |                  |               |               |                       |
| Balance at 1 April 2020                | -               | -                | 746           | -             | 746                   |
| Depreciation charge for the year       | -               | -                | -             | -             | -                     |
| <b>Balance at 31 March 2021</b>        | <b>-</b>        | <b>-</b>         | <b>746</b>    | <b>-</b>      | <b>746</b>            |
| <b>Net book value at 31 March 2021</b> | <b>479,640</b>  | <b>1,219,420</b> | <b>42,032</b> | <b>68,453</b> | <b>1,809,545</b>      |

|  | Non-operational |                  | Operational   |               | Total heritage assets |
|--|-----------------|------------------|---------------|---------------|-----------------------|
|  | At cost         | At valuation     | At cost       | At valuation  |                       |
|  | £'000           | £'000            | £'000         | £'000         | £'000                 |
| <b>Cost or valuation</b>               |                 |                  |               |               |                       |
| Balance at 1 April 2019                | 410,143         | 1,158,569        | 20,650        | 55,614        | 1,644,976             |
| Additions                              | 31,983          | 601              | 7,165         | 13            | 39,762                |
| Donations                              | 21,194          | 14,531           | -             | -             | 35,725                |
| Disposals                              | (71)            | -                | -             | -             | (71)                  |
| Impairments                            | -               | (4)              | -             | 62            | 58                    |
| Revaluations                           | 56              | 22,639           | -             | 4,703         | 27,398                |
| <b>Balance at 31 March 2020</b>        | <b>463,305</b>  | <b>1,196,336</b> | <b>27,815</b> | <b>60,392</b> | <b>1,747,848</b>      |
| <b>Depreciation</b>                    |                 |                  |               |               |                       |
| Balance at 1 April 2019                | -               | -                | 746           | -             | 746                   |
| Depreciation charge for the year       | -               | -                | -             | -             | -                     |
| <b>Balance at 31 March 2020</b>        | <b>-</b>        | <b>-</b>         | <b>746</b>    | <b>-</b>      | <b>746</b>            |
| <b>Net book value at 31 March 2020</b> | <b>463,305</b>  | <b>1,196,336</b> | <b>27,069</b> | <b>60,392</b> | <b>1,747,102</b>      |

| Summary of heritage asset transactions | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 |
|--|---------|---------|---------|---------|---------|
|  | £000    | £000    | £000    | £000    | £000    |
| Purchased assets                       | 22,133  | 39,762  | 23,044  | 32,313  | 27,364  |
| Donated assets                         | 27,113  | 35,725  | 25,385  | 19,178  | 94,869  |
| Disposals                              | (12)    | (71)    | (32)    | (230)   | (605)   |
| Impairments                            | (465)   | 58      | 31      | 183     | (750)   |

### Classification

Heritage assets are classified under the FReM as either:

- Non-operational heritage assets, which are held for the maintenance of the country's heritage;
- Operational heritage assets, which are held for the maintenance of the country's heritage and are also used for other activities, or to provide other services.

Non-operational and operational heritage assets within the SoFP are split between heritage assets held at cost and held at valuation. For more detailed information on heritage assets please refer to the financial statements of the individual ALBs listed at note 28.

### 8.1.1 Non-operational heritage assets

Non-operational heritage assets acquired by the group prior to 1 April 2001 have not been valued and are not therefore included in the SoFP. The cost of valuing these assets is considered to be prohibitive and is not commensurate to the benefits, due to the size of the collections and/or the assets' uniqueness.

#### *Department*

The department's non-operational heritage assets include the Government Art Collection, other arts and antiques collections, land, buildings and monuments.

The majority of non-operational heritage assets held are valued at £nil, because valuation information cannot be obtained at a cost commensurate with the benefits to users of the accounts; the market value would not be a true reflection of the value of the asset to the nation's heritage; the asset, if lost, could not be replaced or reconstructed.

#### *Government Art Collection (GAC)*

The GAC's major works include paintings by Van Dyck, L. S. Lowry, Edward Lear, William Hogarth, Thomas Gainsborough, Lucian Freud, W.R. Sickert and sculptures by Henry Moore, Jacob Epstein and Barbara Hepworth. Purchased additions to the GAC have been included at cost in the SoFP from 1 April 2000. Assets acquired prior to 1 April 2000 and donations to the GAC are valued at £nil as the cost of obtaining valuations for these assets is not commensurate to the benefits.

#### *Other arts and antiques collections*

The department's non-operational heritage assets include the Heveningham Hall chattels at valuation. The most important items among the chattels are a suite of furniture designed by James Wyatt originally for Heveningham Hall, Suffolk, a Grade I listed building. A full valuation of these assets was performed in April 2020 by Sotheby's using current auction estimates.

#### *Land, buildings, and monuments*

The Secretary of State has responsibility for Royal Estate properties in England governed by the Crown Lands Act 1851 and subsequent legislation. This responsibility is discharged through a series of management agreements:

- The Secretary of State has a contract with The Royal Parks Limited for the provision of maintenance and management of the Royal Parks; including 114 heritage assets. These assets consisted of statues, fountains, bridges, walls, bandstands, historic gates and monuments such as Albert Memorial in Kensington Gardens and the 7 July Memorial in Hyde Park. Four of these have been subject to major capital enhancements that are held at cost/valuation of £6m.
- The Historic Royal Palaces in England (Hampton Court Palace, Kew Palace, the Tower of London, the Whitehall Banqueting House and most of Kensington Palace) are managed by the Historic Royal Palaces Trust, which has a contract to manage the palaces and provide education and visitor services in return for the rights to retain admission charges to these sites.
- The occupied royal palaces in England (Buckingham Palace, St James' Palace, Windsor Castle and some other smaller properties) are managed by the Royal Household. From 1 April 2012, although the Secretary of State retains legal responsibility for these properties, this funding has been aggregated with the Civil List into the Sovereign Grant paid by HM Treasury under the Sovereign Grant Act 2011.
- Marlborough House, used as the home of the Commonwealth Secretariat, is maintained by the Royal Household under an ongoing grant agreement.

The Secretary of State is also the owner of land, buildings, monuments and sites of heritage interest acquired by the Office of Works and its successors using exchequer funding or as a result of specific statutes such as the Wellington Museum Act 1947 and other Crown Lands Acts.

Under Section 34 of the National Heritage Act 1983, management responsibility is vested in the Historic Buildings and Monuments Commission for England (Historic England). There are close to 100 such properties, plus some 250 properties under the Secretary of State's guardianship (for which the freehold remains with private owners). The Department also owns freeholds adjacent to some sites under guardianship, used for purposes ancillary to public access such as car parks.

The following (based on visitor numbers) are of particular importance:

- Stonehenge
- Dover Castle
- Hadrian's Wall
- Osborne House
- Tintagel Castle
- Kenwood House
- Audley End House
- Whitby Abbey
- Carisbrooke Castle
- Kenilworth Castle

#### *Arm's-Length Bodies*

The group owns a wide range of non-operational heritage assets. Further details are recorded in the respective ALBs' annual report and accounts (see note 28), the following illustrate the scope of these.

Tate Gallery held non-operational heritage assets at cost of £171.0m as at 31 March 2021 (31 March 2020: £166.6m) and at valuation of £352.5m as at 31 March 2021 (31 March 2020: £337.0m). Tate Gallery holds the National Collection of British Art from the 1500s and international modern and contemporary art from the 1900s. The collection embraces all media from painting, drawing, sculpture and prints, to photography, video and film, installation and performance. The collection currently consists of 76,131 works of art. Tate Gallery also houses the National Archive of British Art from 1900. The Tate Gallery Archive contains manuscripts, notebooks, sketches, prints, documentation and supporting material. Where works of art are included at valuation, external valuations are used where available, and where this isn't the case the assets are valued internally by Tate staff. These staff members are considered to be industry experts and therefore are able to assign values based on their expert knowledge.

The National Gallery held non-operational heritage assets at a cost of £75.8m as at 31 March 2021 (31 March 2020: £66.4m) and at valuation of £291.0m as at 31 March 2021 (31 March 2020: £290.8m). The National Gallery houses one of the greatest collections of Western European paintings in the world. The collection contains over 2,300 works, including many iconic masterpieces and the work of some of the greatest painters. Where heritage assets have been acquired under the Acceptance in Lieu Scheme or Cultural Gifts Scheme, valuations are provided by the Arts Council England. Where assets have been donated, valuations have been performed by the Gallery's curators, who are recognised experts in their fields, or by external valuers.



The Arts Council England Exchequer held non-operational heritage assets at valuation of £252.9m as at 31 March 2021 (31 March 2020: £249.9m). The works of art collection has been built up since 1946 and consisted of 8,033 items at 31 March 2021. Works of exceptionally high value are valued every year; as are items that are on long term loan. All items are valued when loans are agreed as this provides the value for which the lender has to insure the item. These valuations are performed on an ongoing rolling basis by the Director of the Collection at Southbank Centre.

The Victoria and Albert Museum held non-operational heritage assets at cost of £66.4m as at 31 March 2021 (31 March 2020: £66.4m) and at valuation of £62.0m as at 31 March 2021 (31 March 2020: £82.4). The Victoria and Albert Museum is the leading international museum of art and design, with 2.3 million objects, library items and archives in its collections. Items held at valuation are valued by the curators of the museum, based on their expert knowledge.

The British Museum held non-operational heritage assets at cost of £35.9m as at 31 March 2021 (31 March 2020: £35.3m) and at valuation of £72.5m as at 31 March 2021 (31 March 2020: £68.9m). The British Museum collection is a global one, and its great strength is the way it records the interrelated histories of humanity as a whole. The collection is estimated to contain about eight million objects. Valuations are performed during the year of acquisition by internal curatorial experts based on their expert knowledge and, where appropriate, with reference to recent sales of similar objects.

The National Maritime Museum held non-operational heritage assets at cost of £21.5m as at 31 March 2021 (31 March 2020: £21.2m) and at valuation of £80.3m as at 31 March 2021 (31 March 2020: £80.3m). The National Maritime Museum has the most important holdings in the world related to Britain at sea and the collection comprises some 3 million items. Items held at valuation are valued by curators based on their knowledge, and market value where available.

The British Library held non-operational heritage assets at cost of £45.5m as at 31 March 2021 (31 March 2020: £45.1m) and at valuation of £30.3m as at 31 March 2021 (31 March 2020: £30.3m). The British Library is the national library of the UK and one of the world's greatest research libraries. The British Library is one of the six legal deposit libraries of the UK and it receives copies of all publications produced in the UK and the Republic of Ireland. The assets held at valuation reflect valuations made as part of the acquisition process. These valuations are performed by internal curatorial experts, and where appropriate, with reference to recent sales of similar objects.

The National Portrait Gallery held non-operational heritage assets at cost of £24.0m as at 31 March 2021 (31 March 2020: £23.7m) and at valuation of £9.4m as at 31 March 2021 (31 March 2020: £9.1m). The National Portrait Gallery holds two collections: a primary collection consisting mainly of paintings and sculpture and a reference collection containing more than 335,000 images.

Historic England has responsibility for the National Collection of buildings, monuments and sites. Since 1 April 2015, they are managed by Historic England's charitable subsidiary, The English Heritage Trust, using a mixture of Grant-in-Aid funding and self-generated income.

### **8.1.2 Operational heritage assets**

Where operational heritage assets have not been included in the SoFP, it is due to the prohibitive cost of valuing these assets, which is a reflection of the size of the collections and/or the assets uniqueness.

#### *Department*

The Department holds the freehold to Somerset House, an operational heritage asset held at £nil value.

The Somerset House Trust, a private company limited by guarantee and a registered charity, was established in 1997 to conserve and develop Somerset House and the open spaces around it to the public. The department manages the government's freehold interest in Somerset House and ensures the Somerset House Trust fulfils the terms of its lease, which it holds until 2125.

### *Arm's length bodies*

Historic England held operational heritage assets of £64.8m at valuation (31 March 2020: £58.0m), relating to land and buildings, dwellings and assets under construction (the latter relates to the conservation maintenance programme, for the rectification of heritage assets within the care of The English Heritage Trust). All land and buildings are subject to a full professional valuation every five years. A full quinquennial valuation has been undertaken during the year ended 31 March 2021. A number of heritage assets which have not previously been subject to valuation, have been valued by Powis Hughes in order to obtain a baseline valuation prior to works being carried out to address significant conservation defects.

The Geffrye Museum (Museum of the Home) held operational heritage assets of £24.5m at cost (31 March 2020: £19.2m).

### **8.1.3 Acquisition, preservation, management and disposal policies**

#### *Department*

The government is committed to setting an example in the conservation of its historic estate, emphasising the importance of preventative maintenance as part of an integrated approach to the historic environment. The requirement for quadrennial condition surveys and a planned programme of repairs and maintenance for historic buildings is set out in the 'Protocol for the Care of the Government Historic Estate'. This protocol requires departments and agencies to nominate a Departmental Conservation Officer to monitor conservation activity and liaise with the Government Historic Estates Unit (GHEU). GHEU is a team in Historic England providing advice and guidance at a national level to government departments and agencies, as well as other public bodies.

With the exception of Somerset House, and those non-operational assets listed in note 8.1.1, Historic England (via its charitable subsidiary, The English Heritage Trust) manages all the sites on behalf of the department. Historic England is obliged by the National Heritage Act 1983 "to secure the preservation of ancient monuments and historic buildings in England (including UK territorial waters adjacent to England)". In addition, the Department agrees with Historic England a strategy for the conservation and maintenance of the sites. Historic England Commissioners have approved an updated asset management plan, 'Sustainable Conservation Strategy & Asset Management Plan 2019-23, which sets out the policy for maintaining the National Collection of Historic Properties in their care.

The Government Art Collection (GAC) is part of the Department that funds collection, maintenance and management. Other departments provide additional funding for major site-specific commissions for new or refurbished buildings. Works of art are displayed in approximately 400 Government buildings in the UK and abroad. This includes 10 Downing Street, Lancaster House, main Whitehall departments, diplomatic posts abroad, embassies, residences, high commissions and consulates-general in most countries.

More details of the asset management undertaken by Government Art Collection can be found on their website: <https://www.artcollection.culture.gov.uk/reports/>

#### *Arm's length bodies*

The ALBs have detailed documented procedures in relation to acquisitions and disposals. These acquisitions and disposals take into account relevant guidelines and require the approval of the ALBs' board. There are restrictions placed on ALBs in relation to the disposal of heritage assets, a significant exception is where an item has deteriorated beyond usefulness for the purpose of the relevant collection. The relevant ALBs have established standards of care, which generally follow codes of practice for the preservation of collections. These policies and procedures are regularly reviewed. Conservation work includes assessment of the collection, preventive conservation (through environmental and light control), preventive maintenance and minor treatment. For further details of their acquisition, preservation, management and disposal policies please refer to the individual financial statements of the ALBs (see note 28).

## 8.1.4 Heritage assets: records maintained and access

### Department

The GAC maintains a physical and online database of its collection. The GAC places works of art in major government buildings in the UK and around the world to promote British art, culture and history and, as a result, the public's access is limited.

### Arm's length bodies

Collection databases are maintained physically or online by the relevant ALBs. Most of these ALBs have a major part of their collections on public display, free of charge. For further details of the records maintained and the extent to which heritage assets can be accessed please refer to the individual financial statements of the ALBs.

## 8.1.5 Nature and extent of significant donations of heritage assets

Donated assets of £27.1m were received in 2020-21 (2019-20: £35.9m) the most significant of these are:

- The Tate Gallery received donations of heritage assets with a value of £13.8m (2019-20: £11.0m).
- The Victoria and Albert Museum received donations of heritage assets with a value of £9.4m during 2020-21 (2019-20: £14.4m).

## 9. Intangible assets

|   | 2020-21        |              |                         |                |
|---|----------------|--------------|-------------------------|----------------|
|   | Licences       | Websites     | Development expenditure | Total          |
|   | £'000          | £'000        | £'000                   | £'000          |
| <b>Cost or valuation</b>  |                |              |                         |                |
| At 1 April 2020   | 221,108        | 9,438        | 16,973                  | 247,519        |
| Additions   | 28,276         | 195          | 3,817                   | 32,288         |
| Disposals   | (18,376)       | -            | (1,973)                 | (20,349)       |
| Revaluations  | 43             | -            | 255                     | 298            |
| Impairments   | -              | -            | (250)                   | (250)          |
| Transfers (to)/from property, plant & equipment/right of use assets | 6,364          | -            | 10                      | 6,374          |
| <b>At 31 March 2021</b>   | <b>237,415</b> | <b>9,633</b> | <b>18,832</b>           | <b>265,880</b> |
| <b>Amortisation</b>   |                |              |                         |                |
| At 1 April 2020   | 162,768        | 6,615        | 10,976                  | 180,359        |
| Charged in year   | 17,776         | 587          | 1,654                   | 20,017         |
| Disposals   | (17,640)       | -            | (1,973)                 | (19,613)       |
| Revaluations  | 41             | -            | 216                     | 257            |
| <b>At 31 March 2021</b>   | <b>162,945</b> | <b>7,202</b> | <b>10,873</b>           | <b>181,020</b> |
| <b>Carrying amount:</b>   |                |              |                         |                |
| <b>31 March 2021</b>  | <b>74,470</b>  | <b>2,431</b> | <b>7,959</b>            | <b>84,860</b>  |
| <b>31 March 2020</b>  | <b>58,340</b>  | <b>2,823</b> | <b>5,997</b>            | <b>67,160</b>  |
| <b>Asset financing:</b>   |                |              |                         |                |
| Owned   | 74,470         | 2,431        | 7,959                   | 84,860         |
| <b>Carrying amount at 31 March 2021</b>                             | <b>74,470</b>  | <b>2,431</b> | <b>7,959</b>            | <b>84,860</b>  |
| <b>Of which:</b>  |                |              |                         |                |
| Core department   | 10,889         | 81           | -                       | 10,970         |
| Arm's length bodies   | 63,581         | 2,350        | 7,959                   | 73,890         |
| <b>Carrying amount at 31 March 2021</b>                             | <b>74,470</b>  | <b>2,431</b> | <b>7,959</b>            | <b>84,860</b>  |

## Intangible assets (continued)

|   | 2019-20              |               |                         |                |               |
|---|----------------------|---------------|-------------------------|----------------|---------------|
|   | Licences             | Websites      | Development expenditure | Total          |               |
|   | £'000                | £'000         | £'000                   | £'000          |               |
| <b>Cost or valuation</b>  |                      |               |                         |                |               |
| At 1 April 2019   | 205,564              | 4,905         | 29,796                  | 240,265        |               |
| Additions   | 16,873               | 1,546         | 3,279                   | 21,698         |               |
| Disposals   | (8,091)              | -             | (12,947)                | (21,038)       |               |
| Revaluations  | 6                    | -             | 42                      | 48             |               |
| Impairments   | -                    | -             | (84)                    | (84)           |               |
| Transfers (to)/from property, plant & equipment/right of use assets | 6,756                | 2,987         | (3,113)                 | 6,630          |               |
| <b>At 31 March 2020</b>   | <b>221,108</b>       | <b>9,438</b>  | <b>16,973</b>           | <b>247,519</b> |               |
| <b>Amortisation</b>   |                      |               |                         |                |               |
| At 1 April 2019   | 147,852              | 3,143         | 23,628                  | 174,623        |               |
| Charged in year   | 21,326               | 594           | 2,453                   | 24,373         |               |
| Disposals   | (7,832)              | -             | (12,217)                | (20,049)       |               |
| Revaluations  | 6                    | -             | 35                      | 41             |               |
| Transfers (to)/from property, plant & equipment                     | 1,416                | 2,878         | (2,923)                 | 1,371          |               |
| <b>At 31 March 2020</b>   | <b>162,768</b>       | <b>6,615</b>  | <b>10,976</b>           | <b>180,359</b> |               |
| <b>Carrying amount:</b>   |                      |               |                         |                |               |
|   | <b>31 March 2020</b> | <b>58,340</b> | <b>2,823</b>            | <b>5,997</b>   | <b>67,160</b> |
|   | <b>31 March 2019</b> | <b>57,712</b> | <b>1,762</b>            | <b>6,168</b>   | <b>65,642</b> |
| <b>Asset financing:</b>   |                      |               |                         |                |               |
| Owned   | 58,340               | 2,823         | 5,997                   | 67,160         |               |
| <b>Carrying amount at 31 March 2020</b>                             | <b>58,340</b>        | <b>2,823</b>  | <b>5,997</b>            | <b>67,160</b>  |               |
| <b>Of which:</b>  |                      |               |                         |                |               |
| Core department   | 435                  | -             | -                       | 435            |               |
| Arm's length bodies   | 57,905               | 2,823         | 5,997                   | 66,725         |               |
| <b>Carrying amount at 31 March 2020</b>                             | <b>58,340</b>        | <b>2,823</b>  | <b>5,997</b>            | <b>67,160</b>  |               |

The BBC held £54.6m of intangible software licences as at 31 March 2021 (31 March 2020: £48.0m).

## 10. Investment properties

|                                 | Core department | Departmental group |
|---------------------------------|-----------------|--------------------|
|                                 | £'000           | £'000              |
| <b>Balance at 31 March 2019</b> | -               | <b>198,741</b>     |
| IFRS 16 cumulative catch-up     | -               | (173,234)          |
| Additions                       | -               | 33,086             |
| Revaluations                    | -               | (35,993)           |
| Transfers                       | -               | 10,401             |
| <b>Balance at 31 March 2020</b> | -               | <b>33,001</b>      |
| Additions                       | -               | 67                 |
| Disposals                       | -               | (2,666)            |
| Revaluations                    | -               | (4,918)            |
| Transfers                       | -               | 2,666              |
| <b>Balance at 31 March 2021</b> | -               | <b>28,150</b>      |

The BBC holds investment properties as at 31 March 2021 valued at £3.2m (31 March 2020: £3.1m). The valuation of these investment properties was carried out by Lambert Smith Hampton, independent valuers not connected with the group, in accordance with the RICS Valuations – Professional Standards and International Valuation Standards.

The property rental income earned by the BBC from its investment properties, which are leased out under operating leases, amounted to £2.4m (2019-20: £2.4m). Direct operating expenses incurred on the investment properties, which generated rental income during the year, amounted to £2.7m (2019-20: £3.1m). There were no direct operating expenses incurred on the investment properties, which did not generate rental income during the year (2019-20: £nil)

The British Museum holds investment properties valued at £25.0m as at 31 March 2021 (31 March 2020: £29.9m). The valuation of the investment properties at open market value as at 31 March 2021 was carried out by chartered surveyors Montagu Evans LLP. The valuation is in accordance with the RICS Red Book.

The group has adopted the fair value model in accordance with the FReM.



## 11. Financial instruments

|   | Note   | 31 March 2021    |                    | 31 March 2020    |                    |
|---|--------|------------------|--------------------|------------------|--------------------|
|   |        | Core department  | Departmental group | Core department  | Departmental group |
|   |        | £'000            | £'000              | £'000            | £'000              |
| <b>Financial assets</b>   |        |                  |                    |                  |                    |
| <b>Amortised cost</b>   |        |                  |                    |                  |                    |
| Cash and cash equivalents   | 17     | 1,303,586        | 3,679,643          | 24,467           | 2,017,498          |
| Trade and other receivables                                       | 16     | 24,884           | 527,857            | 32,016           | 521,162            |
| Contract assets   |        | -                | 21,864             | -                | 14,710             |
| Loans   | 13, 16 | 353,431          | 537,511            | 42,368           | 289,482            |
| Deposits  | 13     | -                | 552                | -                | 17,762             |
|   |        | <b>1,681,901</b> | <b>4,767,427</b>   | <b>98,851</b>    | <b>2,860,614</b>   |
| <b>Fair value through other comprehensive income</b>              |        |                  |                    |                  |                    |
| Equity investments excluding investment in subsidiaries           | 13     | -                | 293,826            | -                | 269,361            |
| Investment in subsidiaries  | 13     | -                | 1,756,217          | -                | 1,423,552          |
|   |        | -                | <b>2,050,043</b>   | -                | <b>1,692,913</b>   |
| <b>Fair value through profit or loss</b>                          |        |                  |                    |                  |                    |
| Derivative financial instrument assets                            | 13     | -                | 357,567            | -                | 400,534            |
| Other financial assets (FI non derivative through profit or loss) | 13     | 11,738           | 23,297             | 10,568           | 23,905             |
|   |        | <b>11,738</b>    | <b>380,864</b>     | <b>10,568</b>    | <b>424,439</b>     |
| <b>Financial liabilities</b>                                      |        |                  |                    |                  |                    |
| <b>Fair value through profit or loss</b>                          |        |                  |                    |                  |                    |
| Derivative financial instrument liabilities                       | 21     | -                | (595,142)          | -                | (547,938)          |
| <b>Financial liabilities at amortised cost</b>                    |        |                  |                    |                  |                    |
| Payables including contract liabilities                           | 18     | (14,388)         | (3,465,409)        | (12,157)         | (3,245,814)        |
| Lease liabilities   | 20     | (125,375)        | (2,108,712)        | (130,657)        | (2,187,018)        |
| <b>Total financial liabilities</b>                                |        | <b>(139,763)</b> | <b>(6,169,263)</b> | <b>(142,814)</b> | <b>(5,980,770)</b> |
| <b>Total net financial assets/(liabilities)</b>                   |        | <b>1,553,876</b> | <b>1,029,071</b>   | <b>(33,395)</b>  | <b>(1,002,804)</b> |

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The amounts disclosed above as payables and receivables therefore exclude any assets or liabilities, which do not result from a contractual arrangement.

The group's financial instruments, other than derivatives used for risk management purposes, comprise cash and cash equivalents, borrowings and other financial assets and liabilities including trade receivables and payables, that arise directly from operations, or to partially fund future operations. The group finances part of its operations from these financial instruments. The group does not undertake speculative financial transactions. There is a risk averse approach to the management of foreign currency trading.

The group has not reclassified any financial assets within the year.

The group has not derecognised any material equity investments within the year.

No material cumulative gains or losses between reserves have occurred within the year. Transfers between reserves are included within the SoCTE.

Derivative financial instrument assets of £357.5m (31 March 2020: £400.5m) held by the BBC are designated as financial assets through profit and loss. Derivative financial instrument liabilities held by the BBC of £595.1m (31 March 2020: £547.9m) are designated as financial liabilities through profit and loss. Both asset and liability derivatives are predominantly cash flow swaps for the refinancing of New Broadcasting House. The BBC annual report and accounts gives further information on these assets and liabilities.

The group's other assets designated as financial assets through profit and loss are £11.6m (31 March 2020: £13.3m) of BFI film rights assets and an investment of £11.7m (31 March 2020: £10.6m) by the core department with Network Rail Infrastructure Ltd under the Local Full Fibre Network programme.

The group has no financial instruments that are offset.

The group has not pledged collateral for these financial liabilities.

The group has no loans or other borrowings payable other than those disclosed in note 18.

## 11.1 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk largely arises from cash and cash equivalents, derivative financial instruments, equity investments, other financial assets and trade and other receivables. The group's maximum exposure to credit risk is limited to the value of these assets. The credit risk management policy in relation to trade receivables involves regularly assessing the financial reliability of customers, considering their financial position and historical credit risk.

The group assesses credit risk when setting the expected credit loss forward looking analysis which is expected to include macroeconomic assessments, historical data and fund managers where required for these assets. It has an immaterial expected credit loss on the assets that it holds and therefore has assessed the level of credit risk as low. It has an immaterial expectation of defaults, which it expects to be deemed as a failure to fulfil an obligation, especially to repay a loan or appear in a law court. It expects assets to be written off when it is no longer possible to recover the asset.

The changes in amortised cost assets are explained in their respective notes but are not as a result of material changes to credit risk assessments within the year.

The loan commitments have had immaterial expected credit loss allowances included within the valuations included above representing the group's review of the credit risk of these assets. Further information on these assets are included within note 13.

Lottery Bodies' cash holdings are predominantly held by the National Lottery Distribution Fund. Other deposits and cash holdings are held with the Government Banking Service or approved UK banks and are spread across institutions.

There have been a number of COVID-19 support packages issued this year, which include loans to external bodies. The loans are regularly assessed for credit risk by considering reasonable and supportable information that is relevant and available without undue cost or effort when determining whether credit risk has increased significantly since initial recognition. Due to the fact that most loans were issued a few days before year-end, DCMS have concluded there has not been a change in credit risk to these bodies. There is an immaterial expected credit loss recognised in the accounts for these loan balances as there has not been a significant increase in credit risk since issuing the loans; therefore, a 12-month loss has been recognised in the accounts (see note 4.4). In coming to this conclusion, DCMS have used a number of judgements which includes reviewing the bodies net assets, operating profit, average revenue, level of securities and if there are any existing creditor agreements.

Transactions involving derivative financial instruments are entered into only with reputable banks, the credit ratings of which are considered to minimise credit risk.

## 11.2 Market risk (currency and other price risks)

The Department and the group are principally domestic organisations with the majority of transactions, assets and liabilities arising in the UK and being sterling based. However, the group undertake some transactions in currencies other than sterling. Due to movements in exchange rates over time, the amount the group expects to receive or pay when it enters into a transaction may differ from the amount that it actually receives or pays when it settles the transaction. The most significant currency exposure by total value of transactions is US dollars, mainly relating to the BBC. However, due to the relative size of this exposure in comparison to the group's sterling dominated business, this is not considered significant for the group. The BBC generally enters into forward currency contracts to manage or hedge this currency risk, which allows it to settle transactions at known exchange rates, reducing further any uncertainty. The overall income or expenditure to be recognised in relation to contracts denominated in foreign currency and the related hedges is therefore relatively fixed; however, where these contracts span financial years, the recognition of the fair value of the forward currency results in timing gains or losses in each financial year. The timing gains or losses are as a result of market conditions and not variances in underlying contract value. The BBC as a result has mitigated its underlying exposure to currency fluctuations and therefore the group has not presented sensitivity analysis as any potential variance is insignificant.

## 11.3 Interest rate risk

The group's main exposure to interest rate fluctuations arises on external borrowings, which are predominantly undertaken by BBC Commercial Holdings. By taking out a range of interest rate swaps, the BBC has mitigated underlying exposure to interest rate fluctuations and hence no sensitivity analysis has been presented as any potential variation is insignificant.

## 11.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As the cash requirements of the group are largely met through the Parliamentary Estimates process, there is minimal liquidity risk.

The BBC is subject to limits on its borrowings set by the Secretary of State in accordance with the agreement between the BBC and DCMS. In order to comply with these limits, together with the terms of any individual debt instruments, the BBC's treasury function manages the BBC's borrowings by regularly monitoring the BBC's cash flow forecasts. The BBC holds its surplus liquidity in term deposit accounts with highly rated financial institutions.

The bank loans of the BBC's commercial operations are subject to debt covenants based on the group's earnings before interest and taxation. The covenants are in respect of net borrowings and net interest coverage. The BBC is active in the monitoring of its debt covenants, which have been met at 31 March 2021.

The majority of funding for Arts Council England Lottery, British Film Institute Lottery, National Lottery Community Fund, National Lottery Heritage Fund, Sport England Lottery and UK Sport Lottery comes from the National Lottery. This liquidity risk is minimised by holding significant amounts of liquid assets and through cash-flow forecasting. Forward projections of lottery income are provided to these ALBs by the Department and used to inform the distributors' decisions on forward grant commitments.

The Horserace Betting Levy Board is wholly funded by levy, and the Gambling Commission, ICO and Ofcom are largely funded by licence fees rather than through parliamentary funding. They mitigate this risk by monitoring cash requirements and holding sufficient amounts of cash and cash equivalents to meet their requirements.

## 11.5 Financial instruments – fair value hierarchy

The table below analyses financial instruments carried at fair value by the hierarchy set out in IFRS 13 *Fair Value Measurement*. The different levels are defined as follows:

- Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – uses inputs for the assets or liabilities other than quoted prices that are observable either directly or indirectly.
- Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation method.

|   | 31 March 2021  |                  |                  |                  | 31 March 2020  |                  |                  |                  |
|---|----------------|------------------|------------------|------------------|----------------|------------------|------------------|------------------|
|   | Level 1        | Level 2          | Level 3          | Total            | Level 1        | Level 2          | Level 3          | Total            |
|   | £'000          | £'000            | £'000            | £'000            | £'000          | £'000            | £'000            | £'000            |
| <b>Financial assets</b>   |                |                  |                  |                  |                |                  |                  |                  |
| <i>Fair value through OCI</i>                                     |                |                  |                  |                  |                |                  |                  |                  |
| Equity investments excluding investment in subsidiaries           | 293,684        | 142              | -                | 293,826          | 269,181        | 180              | -                | 269,361          |
| Investment in subsidiaries  | -              | -                | 1,756,217        | 1,756,217        | -              | -                | 1,423,552        | 1,423,552        |
| <b>Total fair value through OCI financial assets</b>              | <b>293,684</b> | <b>142</b>       | <b>1,756,217</b> | <b>2,050,043</b> | <b>269,181</b> | <b>180</b>       | <b>1,423,552</b> | <b>1,692,913</b> |
| <i>Fair value through profit or loss</i>                          |                |                  |                  |                  |                |                  |                  |                  |
| Derivative financial instrument assets                            | 279            | 357,288          | -                | 357,567          | 5,217          | 395,317          | -                | 400,534          |
| Other financial assets (FI non derivative through profit or loss) | -              | -                | 23,297           | 23,297           | -              | -                | 23,905           | 23,905           |
| <b>Total financial assets: fair value through profit or loss</b>  | <b>279</b>     | <b>357,288</b>   | <b>23,297</b>    | <b>380,864</b>   | <b>5,217</b>   | <b>395,317</b>   | <b>23,905</b>    | <b>424,439</b>   |
| <b>Total financial assets measured at fair value</b>              | <b>293,963</b> | <b>357,430</b>   | <b>1,779,514</b> | <b>2,430,907</b> | <b>274,398</b> | <b>395,497</b>   | <b>1,447,457</b> | <b>2,117,352</b> |
| <b>Of which:</b>  |                |                  |                  |                  |                |                  |                  |                  |
| Core department   | -              | -                | 11,738           | 11,738           | -              | -                | 10,568           | 10,568           |
| Arm's length bodies   | 293,963        | 357,430          | 1,767,776        | 2,419,169        | 274,398        | 395,497          | 1,436,889        | 2,106,784        |
| <b>Total financial assets measured at fair value</b>              | <b>293,963</b> | <b>357,430</b>   | <b>1,779,514</b> | <b>2,430,907</b> | <b>274,398</b> | <b>395,497</b>   | <b>1,447,457</b> | <b>2,117,352</b> |
| <b>Financial liabilities</b>                                      |                |                  |                  |                  |                |                  |                  |                  |
| <i>Fair value through profit or loss</i>                          |                |                  |                  |                  |                |                  |                  |                  |
| Derivative financial instrument liabilities                       | (9,921)        | (585,221)        | -                | (595,142)        | (2,526)        | (545,412)        | -                | (547,938)        |
| <b>Total financial liabilities measured at fair value</b>         | <b>(9,921)</b> | <b>(585,221)</b> | <b>-</b>         | <b>(595,142)</b> | <b>(2,526)</b> | <b>(545,412)</b> | <b>-</b>         | <b>(547,938)</b> |
| <b>Of which:</b>  |                |                  |                  |                  |                |                  |                  |                  |
| Core department   | -              | -                | -                | -                | -              | -                | -                | -                |
| Arm's length bodies   | (9,921)        | (585,221)        | -                | (595,142)        | (2,526)        | (545,412)        | -                | (547,938)        |
| <b>Total financial liabilities measured at fair value</b>         | <b>(9,921)</b> | <b>(585,221)</b> | <b>-</b>         | <b>(595,142)</b> | <b>(2,526)</b> | <b>(545,412)</b> | <b>-</b>         | <b>(547,938)</b> |

There were no transfers between level 1 and 2 during the year.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps, calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rate at the reporting date, with the resulting value discounted back to present value; and
- other techniques are used, such as discounted cash flow analysis or, for non-quoted ordinary shares that are not actively traded, the net assets of the company or historic cost. These are classified as level 3.

## BBC derivatives

The BBC hold cash flow swaps classified as Level 2 instruments representing derivative financial assets of £357.3m (2019-20: £363.7m) and derivative financial liabilities of £585.2m (2019-20: £545.4m) relating to the refinancing of New Broadcasting House. The swaps expire between 2033 and 2045, and are valued with reference to relevant SONIA and LIBOR yield curves, subject to appropriate credit risk adjustments.

An adjustment of 207 basis points is applied to a specific leg of the swaps to reflect credit risk as the arrangement with the counterparty is not collateralised. These assumptions and inputs are reviewed annually, along with the completion of sensitivity analysis. If an alternative adjustment of 209 basis points had been used to reflect a reasonably possible change based on market movements during the year, then this would result in a decrease in the net liability of £1.3m.

During the prior year an adjustment of 316 basis points was applied to reflect credit risk as the arrangement with the counterparty is not collateralised. If another adjustment of 327 basis points had been used to reflect a reasonably possible change based on market movements during that year, this would have resulted in a decrease in the net liability of £7.2m.

The following table presents the changes in level 3 instruments for the year ended 31 March 2021:

|   | Investment in subsidiaries | Other financial assets (FI non derivative through profit or loss) | Total financial assets |
|---|----------------------------|---|------------------------|
|   | £'000                      | £'000   | £'000                  |
| <b>Balance at 1 April 2019</b>                        | <b>1,734,326</b>           | <b>21,438</b>   | <b>1,755,764</b>       |
| Additions   | 7                          | 19,679  | 19,686                 |
| Repayments/disposals                                  | (38)                       | (4,476)   | (4,514)                |
| Gains and losses recognised in the CSocNE             | (310,743)                  | (12,736)  | (323,479)              |
| <b>Balance at 31 March 2020</b>                       | <b>1,423,552</b>           | <b>23,905</b>   | <b>1,447,457</b>       |
| Additions   | 2,888                      | 22,897  | 25,785                 |
| Repayments/disposals                                  | -                          | (4,075)   | (4,075)                |
| Reclassifications to non-current assets held for sale | (87)                       | -   | (87)                   |
| Gains and losses recognised in the CSocNE             | 329,864                    | (19,430)  | 310,434                |
| <b>Balance at 31 March 2021</b>                       | <b>1,756,217</b>           | <b>23,297</b>   | <b>1,779,514</b>       |
| <b>Of which:</b>                                      |                            |   |                        |
| Core department                                       | -                          | 11,738  | 11,738                 |
| Arm's length bodies                                   | 1,756,217                  | 11,559  | 1,767,776              |
| <b>Balance at 31 March 2021</b>                       | <b>1,756,217</b>           | <b>23,297</b>   | <b>1,779,514</b>       |

The most significant individual valuation using level 3 inputs in the DCMS group is the investment in subsidiaries of the BBC.



### 11.5.1 BBC's public corporations

BBC Commercial Holdings and its subsidiaries (including BBC Studios Limited (specifically its interest in BBC Studios Distribution Limited and BBC Studios Production Limited), BBC Global News Limited and BBC Studioworks Limited) are the commercial operations of the BBC which exist to exploit BBC content, formats, brands, channels, facilities, services and intellectual property to deliver benefit to BBC licence fee payers.

BBC Commercial Holdings and its direct subsidiary holding companies have been consolidated in these accounts. BBC Commercial Holdings' other subsidiaries have been (or it is believed would be) classified by the Office for National Statistics as public corporations and in accordance with the FReM are accounted for as financial assets under IFRS 9.

As the valuation of the BBC public corporations does not meet the IFRS 9 definition for amortised cost, the group has classified the assets as fair value through other comprehensive expenditure. The nature of these assets, not being held for trading, means this is allowable under IFRS 9.

Fair value through other comprehensive expenditure assets are financial instruments to be measured at fair value in the balance sheet.

### 11.5.2 Fair value hierarchy

The group has classified the valuation of the BBC's public corporations as level 3 of the fair value model (see note 11.5). The fair value is the estimated future cash flows that will be generated in perpetuity, discounted at the cost of capital. Cash flow projections, long term growth rates and the cost of capital at which cash flows are discounted are the key unobservable inputs in the valuation. The full market cost of capital has been determined by the BBC following comparisons to similar competitors, and discussions with the individual commercial subsidiaries classified as public corporations.

### 11.5.3 Significant unobservable inputs

| Assets                    | 31 March 2021 | 31 March 2020 | Valuation technique        | Unobservable inputs   |
|---------------------------|---------------|---------------|----------------------------|---|
|                           | £m            | £m            |                            |   |
| BBC's public corporations | 1,599         | 1,293         | Discounted cash flow model | Long term growth rate:<br>2020-21: 1.50%<br>2019-20: 1.50%<br>Discount Rate<br>Cash flows |

Below is a table showing the fair values for a selection of key input changes.

| Change in input                   | As at 31 March 2021  |                      |
|-----------------------------------|----------------------|----------------------|
|                                   | Impact on fair value | Adjusted total value |
|                                   | £m                   | £m                   |
| Growth rate increase by 100 bps   | 224                  | 1,823                |
| Growth rate decrease by 100 bps   | (167)                | 1,432                |
| Discount rate increase by 100 bps | (211)                | 1,388                |
| Discount rate decrease by 100 bps | 282                  | 1,881                |
| Increase in cash flows by 5%      | 84                   | 1,683                |
| Decrease in cash flows by 5%      | (83)                 | 1,516                |

| As at 31 March 2020               |                      |                      |
|-----------------------------------|----------------------|----------------------|
| Change in input                   | Impact on fair value | Adjusted total value |
|                                   | £m                   | £m                   |
| Growth rate increase by 100 bps   | 221                  | 1,514                |
| Growth rate decrease by 100 bps   | (162)                | 1,131                |
| Discount rate increase by 100 bps | (200)                | 1,093                |
| Discount rate decrease by 100 bps | 274                  | 1,567                |
| Increase in cash flows by 5%      | 72                   | 1,365                |
| Decrease in cash flows by 5%      | (72)                 | 1,221                |

A 100 basis point (bps) rise or fall in growth rates or discount rates represents management's assessment of a large but realistic movement which can easily be multiplied to give sensitivities (it is also consistent with sensitivity analysis that other companies use when looking at these rates).

A 5% increase or decrease in cash flows is considered reasonable by management based on variations seen in the financial assets historically compared to budgeted information.

#### 11.5.4 Measurement

These financial assets are recognised at fair value. Since these subsidiaries are not traded on an active market and the fair value cannot be derived from the quoted prices of similar assets, fair value is determined using an internal model (i.e. level 3 of the fair value hierarchy). This model uses discounted cash flow projections to arrive at a net present value.

The cash flow projections use internal five year forecasts provided by the three commercial subsidiaries (BBC Studios Limited, BBC Global News Limited and BBC Studioworks Limited). The detailed business plans supporting the cash flow projections are compiled by the management teams of each individual subsidiary based on the extrapolation of historical trends in each business area, internal intelligence on expected customer activity and external information on expected future trends in the entertainment and communications industry in each territory. These plans include internal expectations around the expected recovery profile of operations from the effects of COVID-19 where, for example, COVID-19 during 2020-21 disrupted production activities and reduced advertising revenue compared to 2019-20.

The first three years of the forecast are reviewed and approved by the BBC Board as part of the BBC budget process. The final two years are extrapolated out by the subsidiary management teams at a higher level. The historical accounts for each commercial subsidiary are publicly available but do not contain any forward-looking information that would link to the cash flow projections. Cash flow projections are considered commercially sensitive by the BBC and are not publicly available.

Corporate tax rate projections are set with reference to the latest future guidance from HMRC with an uplift applied to reflect the impact on the BBC's commercial subsidiaries of exposure to higher tax rates outside the UK. This uplift has been set with reference to the historic difference between effective and statutory tax rates owing to global tax rate differentials.

The valuation assumes that the financial assets have perpetual access to BBC content distribution rights as this is the basis on which the financial assets' business plans are based.

After the five year forecast period, the cash flow projections have a perpetual growth rate of 1.50% (2019-20: 1.50%) applied. The growth rate used is consistent with the long-term average growth rates for both the industry and the countries in which the assets are located and is appropriate because the assets are long-term businesses. It is referenced against the Bank of England's long-term inflation target and market benchmarks from equity research analysts. The rate incorporates the considered view of BBC management about growth prospects for the BBC's commercial subsidiaries and the risk they are exposed to.

In determining the applicable discount rate, the BBC applied judgement in respect of several factors, which included reviewing the weighted average cost of capital analysis and long-range plans of the commercial businesses against market benchmarks from equity research analysts. The BBC gave weighted consideration to market consensus discount rates of comparable companies and general commercial operations in a post COVID-19 environment to conclude on the most appropriate discount rate.

The peer group used for the analysis above includes listed European broadcast media companies, including UK broadcasters and production companies (reflecting the main activities of the BBC's commercial subsidiaries).

The calculation gives a fair value of £1,599m (31 March 2020: £1,293m).

The £306m upwards revaluation primarily reflects the expected recovery in profitability and cash flow generation from the effects of COVID-19 during 2020-21. The BBC expects the recovery to continue towards previously anticipated levels of profitability and cash flow generation from 2021-22 onwards, in line with levels expected pre-COVID-19. As such, the valuation of the commercial subsidiaries has nearly fully recovered to where it was pre-COVID-19. The BBC considers this recovery to be in line with the valuation recovery profile of the European broadcasting sector.

Further detail on the performance of the BBC's commercial subsidiaries are available in the Annual Report and Consolidated Financial Statements for BBC Commercial Holdings Limited.

The growth and discount rates are highly subjective inputs to the valuation. This results in considerable, but unavoidable, uncertainties in the resulting fair value amount. The valuation is therefore a single estimate from a wide spread of possible values, as highlighted in the sensitivity analysis above.

### 11.5.5 Risks on the financial assets

The risks facing these BBC public corporations are disclosed in the BBC Commercial Holdings' Annual Report.

## 12. Investments in associates and joint ventures

|                         | 2020-21         |                    | 2019-20         |                    |
|-------------------------|-----------------|--------------------|-----------------|--------------------|
|                         | Core department | Departmental group | Core department | Departmental group |
|                         | £'000           | £'000              | £'000           | £'000              |
| Balance at 1 April      | -               | 32,166             | -               | 34,347             |
| Share of profit or loss | -               | 3,162              | -               | (2,181)            |
| Revaluations            | -               | -                  | -               | -                  |
| Balance at 31 March     | -               | 35,328             | -               | 32,166             |

Of the total investments in associates and joint ventures, £21.8m (2019-20: £18.6m) relates to the Victoria and Albert Museum (V&A) and £13.6m (2019-20: £13.6m) relates to the BBC.

The V&A's balance relates to an associate interest in the Gilbert Trust for the Arts, a charity that owns a collection of silver, gold, micromosaics and gold boxes, on long-term loan to the V&A.

### 13. Other financial assets

|   | Deposits      | Derivatives    | Equity Investments excluding investment in subsidiaries | Investment in subsidiaries (other than BBC public corporations) | Investment in BBC public corporations | Museum loans | Other loans    | Other financial assets (FI non derivative through profit or loss) | Total            |
|---|---------------|----------------|---|---|---------------------------------------|--------------|----------------|---|------------------|
|   | £'000         | £'000          | £'000   | £'000   | £'000                                 | £'000        | £'000          | £'000   | £'000            |
| <b>Balance at 1 April 2019</b>          | <b>18,733</b> | <b>449,337</b> | <b>268,119</b>  | <b>123,326</b>  | <b>1,611,000</b>                      | -            | <b>201,210</b> | <b>21,438</b>   | <b>2,693,163</b> |
| Additions                               | 12            | -              | 36,388  | 7   | -                                     | -            | 91,740         | 19,679  | 147,826          |
| Disposals                               | (1,000)       | -              | (20,334)  | -   | (38)                                  | -            | -              | -   | (21,372)         |
| Revaluations                            | -             | (48,803)       | (14,742)  | 7,219   | (317,962)                             | -            | -              | -   | (374,288)        |
| Impairments                             | -             | -              | (70)  | -   | -                                     | -            | (644)          | (12,736)  | (13,450)         |
| Repayments                              | -             | -              | -   | -   | -                                     | -            | (3,877)        | (4,476)   | (8,353)          |
| FX Movements                            | 17            | -              | -   | -   | -                                     | -            | -              | -   | 17               |
| Discounting                             | -             | -              | -   | -   | -                                     | -            | 4              | -   | 4                |
| Expected credit loss                    | -             | -              | -   | -   | -                                     | -            | (685)          | -   | (685)            |
| <b>Balance as at 31 March 2020</b>      | <b>17,762</b> | <b>400,534</b> | <b>269,361</b>  | <b>130,552</b>  | <b>1,293,000</b>                      | -            | <b>287,748</b> | <b>23,905</b>   | <b>2,422,862</b> |
| Additions                               | -             | -              | 93,002  | (74)  | -                                     | -            | 374,429        | 22,897  | 490,254          |
| Disposals                               | (17,210)      | -              | (90,229)  | -   | (21)                                  | -            | -              | (4,075)   | (111,535)        |
| Revaluations                            | -             | (42,967)       | 21,629  | 26,739  | 306,021                               | -            | -              | (19,430)  | 291,992          |
| Impairments                             | -             | -              | 63  | -   | -                                     | -            | (821)          | -   | (758)            |
| Repayments                              | -             | -              | -   | -   | -                                     | -            | (66,307)       | -   | (66,307)         |
| Discounting                             | -             | -              | -   | -   | -                                     | -            | (56,701)       | -   | (56,701)         |
| Expected credit loss                    | -             | -              | -   | -   | -                                     | -            | (1,052)        | -   | (1,052)          |
| <b>Balance at 31 March 2021</b>         | <b>552</b>    | <b>357,567</b> | <b>293,826</b>  | <b>157,217</b>  | <b>1,599,000</b>                      | -            | <b>537,296</b> | <b>23,297</b>   | <b>2,968,755</b> |
| <b>Of which:</b>                        |               |                |   |   |                                       |              |                |   |                  |
| Core department                         | -             | -              | -   | -   | -                                     | 22,772       | 330,656        | 11,738  | 365,166          |
| Arm's length bodies                     | 552           | 357,567        | 293,826   | 157,217   | 1,599,000                             | (22,772)     | 206,640        | 11,559  | 2,603,589        |
| <b>Carrying amount at 31 March 2021</b> | <b>552</b>    | <b>357,567</b> | <b>293,826</b>  | <b>157,217</b>  | <b>1,599,000</b>                      | -            | <b>537,296</b> | <b>23,297</b>   | <b>2,968,755</b> |
| Within 12 months                        | 486           | 100            | 37,468  | -   | -                                     | -            | 206,281        | 2,331   | 246,666          |
| Over 12 months                          | 66            | 357,467        | 256,358   | 157,217   | 1,599,000                             | -            | 331,015        | 20,966  | 2,722,089        |
| <b>Carrying amount at 31 March 2021</b> | <b>552</b>    | <b>357,567</b> | <b>293,826</b>  | <b>157,217</b>  | <b>1,599,000</b>                      | -            | <b>537,296</b> | <b>23,297</b>   | <b>2,968,755</b> |
| Within 12 months                        | 17,696        | 4,168          | 25,589  | -   | -                                     | -            | 263,677        | 13,337  | 324,467          |
| Over 12 months                          | 66            | 396,366        | 243,772   | 130,552   | 1,293,000                             | -            | 24,071         | 10,568  | 2,098,395        |
| <b>Carrying amount at 31 March 2020</b> | <b>17,762</b> | <b>400,534</b> | <b>269,361</b>  | <b>130,552</b>  | <b>1,293,000</b>                      | -            | <b>287,748</b> | <b>23,905</b>   | <b>2,422,862</b> |

## Deposits

The British Library held deposits of £nil (31 March 2020: £17.0m), no monies were placed on fixed term deposits in 2020-21 due to COVID-19, the uncertainty around income and to ensure sufficient cashflow. All previous 1-year fixed term deposits were allowed to mature.

## Derivatives

The derivative balance relates to the BBC, in particular their refinancing of New Broadcasting House.

## Equity Investments excluding investment in subsidiaries

The British Museum held investment funds with a fair value of £69.3m (31 March 2020: £96.9m). These investments consist of investment funds, fixed income and unlisted equities.

The National Heritage Memorial Fund held investment funds with a fair value of £64.2m (31 March 2020: £39.3m). The funds are invested in a wide variety of investment trusts, unit trusts, hedge funds and cash.

The Victoria and Albert Museum held investment funds with a fair value of £33.9m (31 March 2020: £28.5m) which mainly consist of government stocks, corporate bonds and investment funds managed by Partners Capital LLP.

The British Library held investment funds with a fair value of £25.0m (31 March 2020: £21.9m) which are shares and equity type investments held with Baillie Gifford and Investec.

The Science Museum held investment funds with a fair value of £25.1m (31 March 2020: £21.4m) which consist of corporate bonds, cash, and equity type investments held with Legal and General Investment Management.

## Investments in subsidiaries (other than BBC public corporations)

ALBs' subsidiaries are included in the accounts at their fair value with the net assets used as a proxy for fair value.

The significant investments in subsidiaries are as follows:

The English Heritage Trust is a 100% controlled subsidiary of Historic England. The Trust looks after the National Heritage Collection of more than 400 state-owned historic sites and monuments across England under licence from Historic England. The fair value of the Trust was £85.3m (31 March 2020: £83.4m).

S4C holds four subsidiaries with a fair value of £19.7m (31 March 2020: £17.4m).

The British Museum holds four subsidiaries with a fair value of £29.8m (31 March 2020: £11.3m). The significant increase in valuation reflects a £17.0m restricted grant made to the subsidiaries in order to support the wider British Museum group.

## Investment in BBC public corporations

Refer to section 11.5.4 for further details.



## Other loans

The BBC had loans outstanding to its trading subsidiaries as at 31 March 2021 of £202.0m (31 March 2020: £262.9m). The loans outstanding vary based on the borrowing requirements of public corporations.

The core department includes within other loans the loan book of Futurebuilders England Limited (FBE). FBE is a social investment business funded by DCMS to make loans to third sector organisations delivering public services. Applications for new loans are closed. The outstanding loan amount as at 31 March 2021 was £16.5m (31 March 2020: £25.3m).

The core department includes within other loans, the loan book of the Cultural Recovery Fund, Sport Survival Package and Rugby Football League emergency loans.

The loans have been tailored for cultural and sporting institutions with an initial repayment holiday of up to four years and low interest rates of 0.2-2% to ensure they are affordable for sports, arts and heritage organisations.

New loans of £370.0m were issued during the year. These loans were discounted using the HM Treasury discount rate of 3.7%; £56.5m was the amount discounted on initial recognition.

The outstanding loan amount as at 31 March 2021 was £312.7m.

Further details on the expected credit losses can be found in note 11.1.

## Other financial assets

The balance is made up of £11.7m (31 March 2020: £10.6m) relating to the core department's funding of the Local Full Fibre Network project and £11.6m (31 March 2020: £13.3m) relating to the recoverable amount from Lottery film right awards for British Film Institute Lottery.

### 13.1 Museum Loans

The core department issues loans to museums within the group. The following ALBs held outstanding loan amounts:

| Arm's length body                | 2020-21       | 2019-20       |
|----------------------------------|---------------|---------------|
|                                  | Museum loan   | Museum loan   |
|                                  | £'000         | £'000         |
| Science Museum Group             | 4,325         | 5,364         |
| Imperial War Museum              | 5,007         | 2,000         |
| National Maritime Museum         | 5,205         | 5,453         |
| Natural History Museum           | 548           | 1,096         |
| Geffrye Museum                   | 1,249         | 773           |
| National Portrait Gallery        | 5,227         | 2,622         |
| Royal Armouries Museum           | 1,211         | 1,211         |
| <b>Total museum loans issued</b> | <b>22,772</b> | <b>18,519</b> |

These loans are eliminated upon consolidation and therefore no assets or liabilities are reported for the group.

## 14. Impairments

|                             | Note | 31 March 2021   |                    | 31 March 2020   |                    |
|-----------------------------|------|-----------------|--------------------|-----------------|--------------------|
|                             |      | Core department | Departmental group | Core department | Departmental group |
|                             |      | £'000           | £'000              | £'000           | £'000              |
| Property, plant & equipment | 6    | 50              | (13,242)           | -               | 668                |
| Right of use assets         | 7    | -               | (58,518)           | (98,684)        | (599,301)          |
| Heritage assets             | 8    | -               | (465)              | -               | 58                 |
| Intangible assets           | 9    | -               | (250)              | -               | (84)               |
| Other financial assets      | 13   | 145             | (758)              | 1,478           | (13,450)           |
| Inventories                 | 15   | -               | (4)                | -               | -                  |
| <b>Total impairments</b>    |      | <b>195</b>      | <b>(73,237)</b>    | <b>(97,206)</b> | <b>(612,109)</b>   |

### Right of use assets

£43.8m (2019-20: £436.8m) of the impairment relates to assets held by the BBC; the decrease from the prior year relates to significant impairments recognised on adoption of IFRS 16. £nil (2019-20: £98.7m) relates to the core department's lease on 100 Parliament Street and £10.4m (2019-20: £63.8m) relates to the Victoria and Albert Museum's Collection and Research Centre.

## 15. Inventories

|   | 2020-21         |                    | 2019-20         |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| <b>Balance at 1 April</b>                     | -               | <b>172,163</b>     | -               | <b>181,614</b>     |
| Additions                                     | -               | 2,087,138          | -               | 2,253,753          |
| Disposals                                     | -               | (2,040,685)        | -               | (2,263,204)        |
| Impairments (note 14)                         | -               | (4)                | -               | -                  |
| <b>Carrying amount at 31 March</b>            | -               | <b>218,612</b>     | -               | <b>172,163</b>     |
| Work in intermediate stages of completion     | -               | 74,384             | -               | 49,728             |
| Raw materials and consumables                 | -               | 157                | -               | 167                |
| Goods for resale and finished inventories     | -               | 144,071            | -               | 122,268            |
| <b>Total inventories and work in progress</b> | -               | <b>218,612</b>     | -               | <b>172,163</b>     |

As at 31 March 2021 the BBC held £195.3m (31 March 2020: £146.8m) and S4C held £11.5m (31 March 2020: £13.3m) in inventories in respect of programmes which were either in the course of production or ready for broadcast but not yet aired. Additions for these two entities relate to programmes which have been completed, whilst disposals relate to those broadcast during the year.

## 16. Trade and other receivables

|  | 31 March 2021   |                    | 31 March 2020   |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| <b>Amounts falling due within one year:</b>          |                 |                    |                 |                    |
| Trade receivables                                    | 22,043          | 63,597             | 27,379          | 67,406             |
| VAT receivables                                      | 6,329           | 101,578            | 5,421           | 59,660             |
| Other receivables                                    | 1,852           | 276,625            | 2,028           | 252,259            |
| Prepayments  | 4,589           | 701,762            | 1,601           | 566,454            |
| Accrued income                                       | 218             | 92,320             | 580             | 78,975             |
| Interest receivable                                  | -               | -                  | -               | 28                 |
| Staff loans and advances                             | 3               | 215                | 186             | 1,734              |
| Taxation and duties due                              | -               | 7,596              | -               | 11,460             |
| Consolidated Fund receivables                        | 47,656          | 13,464             | 13,405          | 10,215             |
|  | <b>82,690</b>   | <b>1,257,157</b>   | <b>50,600</b>   | <b>1,048,191</b>   |
| <b>Amounts falling due after more than one year:</b> |                 |                    |                 |                    |
| Other receivables                                    | 989             | 190,804            | 2,609           | 204,124            |
| Accrued income                                       | -               | 16,066             | -               | 11,423             |
| Interest receivable                                  | -               | -                  | -               | (7)                |
|  | <b>989</b>      | <b>206,870</b>     | <b>2,609</b>    | <b>215,540</b>     |
| <b>Total before expected credit loss</b>             | <b>83,679</b>   | <b>1,464,027</b>   | <b>53,209</b>   | <b>1,263,731</b>   |
| Expected credit loss                                 | -               | (3,169)            | -               | (2,648)            |
| <b>Total</b>   | <b>83,679</b>   | <b>1,460,858</b>   | <b>53,209</b>   | <b>1,261,083</b>   |

Included in trade receivables at 31 March 2021 is a balance due to DCMS of £20.0m (31 March 2020: £21.2m) from the Department for Education and a balance due to the BBC of £15.8m (31 March 2020: £15.7m).

Included in VAT receivables at 31 March 2021 is a balance due to the BBC of £71.7m (31 March 2020: £32.9m).

Included in other receivables due within one year at 31 March 2021 is a balance due to the BBC of £64.9m (31 March 2020: £81.5m) and a balance due to the National Lottery Community Fund of £131.5m (31 March 2020: £114.0m).

The BBC had prepayments due within one year of £646.9m at 31 March 2021 (31 March 2020: £510.1m). The increase is because sporting delays due to COVID-19 mean that rights prepayments are still being carried along with new rights.

Included in other receivables due after more than one year, is a balance due to the BBC of £187.7m (2019-20: £200.1m).

Within the total other receivables balance, the BBC held total lease receivables of £7.7m (2019-20: £7.0m) (current) and £182.7m (2019-20: £188.6m) (non-current).

## 17. Cash and cash equivalents

|   | 2020-21          |                    | 2019-20         |                    |
|---|------------------|--------------------|-----------------|--------------------|
|   | Core department  | Departmental group | Core department | Departmental group |
|   | £'000            | £'000              | £'000           | £'000              |
| <b>Balance at 1 April</b>                                 | <b>24,467</b>    | <b>2,017,498</b>   | <b>85,744</b>   | <b>2,195,426</b>   |
| Net change in cash and cash equivalent balances           | 1,279,119        | 1,662,145          | (61,277)        | (177,928)          |
| <b>Balance at 31 March</b>                                | <b>1,303,586</b> | <b>3,679,643</b>   | <b>24,467</b>   | <b>2,017,498</b>   |
| <b>The following balances at 31 March were held with:</b> |                  |                    |                 |                    |
| Government Banking Service                                | 1,301,713        | 1,522,348          | 20,121          | 42,460             |
| Commercial banks and cash in hand                         | -                | 984,793            | -               | 804,021            |
| Liquid deposits   | 1,873            | 97,643             | 4,346           | 33,977             |
| <b>Sub-total</b>  | <b>1,303,586</b> | <b>2,604,784</b>   | <b>24,467</b>   | <b>880,458</b>     |
| Balance held by NLDF                                      | -                | 1,074,859          | -               | 1,137,040          |
| <b>Balance at 31 March</b>                                | <b>1,303,586</b> | <b>3,679,643</b>   | <b>24,467</b>   | <b>2,017,498</b>   |
| <b>Bank overdraft</b>                                     | <b>-</b>         | <b>-</b>           | <b>-</b>        | <b>-</b>           |
| <b>Total</b>  | <b>1,303,586</b> | <b>3,679,643</b>   | <b>24,467</b>   | <b>2,017,498</b>   |

The increase in the Government Banking Service figure for DCMS core from £20.1m in 2019-20, to £1,301.7m in 2020-21, was driven by funds received from the Contingencies Fund in February 2021. Royal Assent was only provided in March to pay this back; whilst this was paid back before the year end, the cash balance was higher than normal due to the late confirmation of Royal Assent (meaning a timing difference between outgoing payments).

Balances held with commercial banks and cash in hand of £984.8m (2019-20: £804.0m) includes:

|   | 2020-21      | 2019-20      |
|---|--------------|--------------|
| <b>Commercial banks and cash in hand held by:</b> | <b>£'000</b> | <b>£'000</b> |
| BBC   | 434,609      | 354,342      |
| National Lottery Community Fund                   | 81,511       | 79,951       |
| National Citizen Service                          | 33,675       | 33,354       |
| UK Sport Lottery                                  | 17,541       | 21,067       |
| Arts Council England Exchequer                    | -            | 14,389       |
| Horse Race Betting Levy Board                     | 35,744       | 52,727       |
| British Library                                   | 25,599       | 28,252       |
| Gambling Commission                               | 10,296       | 16,605       |
| Ofcom   | 14,185       | 13,827       |
| British Film Institute                            | 22,285       | 11,659       |
| Information Commissioner's Office                 | 12,514       | 4,616        |
| National Heritage Memorial Fund                   | 86,675       | 4,020        |
| Victoria and Albert Museum                        | 37,058       | 12,759       |
| Science Museum Group                              | 18,266       | 9,500        |

Cash and cash equivalents also include £nil (31 March 2020: £nil) for funds held on behalf of third parties (see note 27).

Liquid deposits include the British Library £32.8m (31 March 2020: £nil) and the British Museum £38.0m (31 March 2020: £3.5m).

The cash balance held by the National Lottery Distribution Fund (NLDF) is under the stewardship of the Secretary of State for Digital, Culture, Media and Sport. This fund is managed by the Commissioners for the Reduction of the National Debt, who invest the funds as call notice deposits with the Debt Management Office.

## 18. Trade and other payables

|  | 31 March 2021    |                    | 31 March 2020   |                    |
|--|------------------|--------------------|-----------------|--------------------|
|  | Core department  | Departmental group | Core department | Departmental group |
|  | £'000            | £'000              | £'000           | £'000              |
| <b>Amounts falling due within one year:</b>          |                  |                    |                 |                    |
| Taxation and social security                         | 2,472            | 50,284             | 1,800           | 43,852             |
| Trade payables                                       | 3,964            | 160,800            | 1,819           | 167,518            |
| Other payables                                       | 10,424           | 286,228            | 10,338          | 196,304            |
| Accruals & deferred income                           | 175,627          | 520,741            | 113,368         | 463,559            |
| Grants payable                                       | -                | 1,684,367          | -               | 1,292,645          |
| Supply payable                                       | 1,270,635        | 1,270,635          | 19,443          | 19,443             |
| Loans and borrowings: amounts payable within 1 year  | -                | 125,445            | -               | 289,240            |
| Consolidated Fund payables                           | 78,733           | 78,733             | 14,082          | 14,082             |
|  | <b>1,541,855</b> | <b>4,177,233</b>   | <b>160,850</b>  | <b>2,486,643</b>   |
| <b>Amounts falling due after more than one year:</b> |                  |                    |                 |                    |
| Other payables                                       | -                | 15,415             | -               | 1,874              |
| Accruals & deferred income                           | -                | 29,283             | -               | 28,979             |
| Grants payable                                       | -                | 1,000,069          | -               | 1,282,338          |
| Bank and other borrowings                            | -                | 170,000            | -               | -                  |
|  | -                | <b>1,214,767</b>   | -               | <b>1,313,191</b>   |
| <b>Total</b>   | <b>1,541,855</b> | <b>5,392,000</b>   | <b>160,850</b>  | <b>3,799,834</b>   |

Trade payables falling due within one year include £97.5m (31 March 2020: £100.2m) in respect of the BBC. Most of the remainder relates to COVID-19 support packages at the National Heritage Memorial Fund and National Lottery Community Fund.

Other payables falling due within one year include £168.1m (31 March 2020: £118.3m) in respect of the BBC. £34.0m relates to larger civil monetary penalties issued in the year by the Information Commissioners Office that were outstanding at year-end, and £39.2m of COVID-19 support packages yet to be paid by the British Film Institute.

As at 31 March 2021 £2,025.9m (31 March 2020: £2,426.7m) of current and non-current grants payable were attributable to lottery bodies.

The core department supply payable of £1,270.6m (31 March 2020: £19.4m) is Parliamentary funding drawn down which has not been spent within the year. The increase reflects the anticipated funds drawn down before year-end to cover the various COVID-19 support packages, for which a Contingencies Fund Advance was secured. This was paid back before the year end but the cash balance (and therefore supply payable) was higher than normal due to the timing of confirmation of Royal Assent for the Contingencies Fund advance repayment (see note 17).

The loans and borrowings (within one year) and bank and other borrowings (greater than one year) relates to the BBC. The reduction in loans and borrowings due within one year is due to the BBC repaying its US Private Placement borrowings. This has been replaced by a new loan of £170.0m within bank and other borrowings (greater than one year).



## 19. Provision for liabilities and charges

| Total provisions by type                          | Grant commitments | Legal claims | Early departures and redundancies | Other          | Total          |
|---|-------------------|--------------|-----------------------------------|----------------|----------------|
|   | £'000             | £'000        | £'000                             | £'000          | £'000          |
| <b>Balance at 1 April 2020</b>                    | 87,909            | 3,000        | 1,430                             | 150,751        | 243,090        |
| Provided in the year                              | 28,008            | 1,517        | 133                               | 137,011        | 166,669        |
| Provisions utilised in year                       | (73,701)          | (940)        | (1,244)                           | (97,789)       | (173,674)      |
| Provisions not required written back              | -                 | (2,060)      | (5)                               | (25,869)       | (27,934)       |
| Unwinding of discounts                            | -                 | -            | 10                                | -              | 10             |
| <b>Balance at 31 March 2021</b>                   | <b>42,216</b>     | <b>1,517</b> | <b>324</b>                        | <b>164,104</b> | <b>208,161</b> |
| <b>Comprising:</b>                                |                   |              |                                   |                |                |
| <b>Current liabilities</b>                        |                   |              |                                   |                |                |
| Not later than one year                           | 42,216            | 1,517        | 149                               | 102,090        | 145,972        |
| <b>Non-current liabilities</b>                    |                   |              |                                   |                |                |
| Later than one year and not later than five years | -                 | -            | 67                                | 19,037         | 19,104         |
| Later than five years                             | -                 | -            | 108                               | 42,977         | 43,085         |
| <b>Balance at 31 March 2021</b>                   | <b>42,216</b>     | <b>1,517</b> | <b>324</b>                        | <b>164,104</b> | <b>208,161</b> |
| <b>Of the total:</b>                              |                   |              |                                   |                |                |
| Core department                                   | -                 | -            | -                                 | 2,586          | 2,586          |
| Arm's length bodies                               | 42,216            | 1,517        | 324                               | 161,518        | 205,575        |
| <b>Balance at 31 March 2021</b>                   | <b>42,216</b>     | <b>1,517</b> | <b>324</b>                        | <b>164,104</b> | <b>208,161</b> |

| Total provisions by type                          | Grant commitments | Legal claims | Early departures and redundancies | Other          | Total          |
|---|-------------------|--------------|-----------------------------------|----------------|----------------|
|   | £'000             | £'000        | £'000                             | £'000          | £'000          |
| <b>Balance at 31 March 2019</b>                   | 112,714           | 232,362      | 2,770                             | 133,988        | 481,834        |
| Provided in the year                              | 86,507            | 3,000        | 1,188                             | 67,694         | 158,389        |
| Provisions not required written back              | (10)              | (28)         | (5)                               | (22,337)       | (22,380)       |
| Provisions utilised in year                       | (111,302)         | (232,334)    | (2,540)                           | (28,602)       | (374,778)      |
| Unwinding of discounts                            | -                 | -            | 17                                | 8              | 25             |
| <b>Balance at 31 March 2020</b>                   | <b>87,909</b>     | <b>3,000</b> | <b>1,430</b>                      | <b>150,751</b> | <b>243,090</b> |
| <b>Comprising:</b>                                |                   |              |                                   |                |                |
| <b>Current liabilities</b>                        |                   |              |                                   |                |                |
| Not later than one year                           | 87,909            | 3,000        | 1,248                             | 80,029         | 172,186        |
| <b>Non-current liabilities</b>                    |                   |              |                                   |                |                |
| Later than one year and not later than five years | -                 | -            | 63                                | 28,068         | 28,131         |
| Later than five years                             | -                 | -            | 119                               | 42,654         | 42,773         |
| <b>Balance at 31 March 2020</b>                   | <b>87,909</b>     | <b>3,000</b> | <b>1,430</b>                      | <b>150,751</b> | <b>243,090</b> |
| <b>Of the total:</b>                              |                   |              |                                   |                |                |
| Core department                                   | -                 | -            | 32                                | -              | 32             |
| Arm's length bodies                               | 87,909            | 3,000        | 1,398                             | 150,751        | 243,058        |
| <b>Balance at 31 March 2020</b>                   | <b>87,909</b>     | <b>3,000</b> | <b>1,430</b>                      | <b>150,751</b> | <b>243,090</b> |

## Provision for liabilities and charges (continued)

| Total provisions                                  | 31 March 2021   |                    | 31 March 2020   |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| Balance at 1 April                                | 32              | 243,090            | 34              | 481,834            |
| Provided in the year                              | 2,586           | 166,669            | -               | 158,389            |
| Provisions utilised in year                       | (32)            | (173,674)          | (2)             | (374,778)          |
| Provisions not required written back              | -               | (27,934)           | -               | (22,380)           |
| Unwinding of discounts                            | -               | 10                 | -               | 25                 |
| <b>Balance at reporting date</b>                  | <b>2,586</b>    | <b>208,161</b>     | <b>32</b>       | <b>243,090</b>     |
| <b>Comprising:</b>                                |                 |                    |                 |                    |
| <b>Current liabilities:</b>                       |                 |                    |                 |                    |
| Not later than one year                           | 2,586           | 145,972            | 32              | 172,186            |
| <b>Non-current liabilities</b>                    |                 |                    |                 |                    |
| Later than one year and not later than five years | -               | 19,104             | -               | 28,131             |
| Later than five years                             | -               | 43,085             | -               | 42,773             |
| <b>Subtotal: non-current liabilities</b>          | <b>-</b>        | <b>62,189</b>      | <b>-</b>        | <b>70,904</b>      |
| <b>Balance at reporting date</b>                  | <b>2,586</b>    | <b>208,161</b>     | <b>32</b>       | <b>243,090</b>     |

### 19.1 Grant commitments

National Lottery Community Fund has provisions of £16.6m (31 March 2020: £71.1m) principally relating to awards made of dormant account money to Big Society Capital.

British Film Institute Lottery has provisions of £25.6m (31 March 2020: £16.8m) for non-film rights awards which have been made, but at the reporting date, either contracts have not been signed and/or the conditions have not been met. As a result, these transactions are recognised as an award commitment and included within provisions.

### 19.2 Early departures and redundancies

The group meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the relevant pension fund over the period between early departure and normal retirement date.

The liabilities extend for up to ten years. The group provides for this when the early retirement programme becomes binding, by creating a provision for the estimated payments discounted using HM Treasury's post-employment benefit discount rate.

### 19.3 Other provisions

#### *BBC restructuring and property provisions*

This relates to various restructuring, decommissioning and dilapidation provisions within the BBC. The value of this provision as at 31 March 2021 was £110.9m (31 March 2020 restated: £91.7m).

#### *BBC taxation, litigation and insurance*

The BBC taxation, litigation and insurance provisions as at 31 March 2021 were £37.7m (31 March 2020 restated: £43.3m).

## 20. Lease liabilities

Total future lease payments under leases are given in the table below:

| Obligations for the following periods comprise:   | 31 March 2021   |                    | 31 March 2020   |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| <b>Land</b>                                       |                 |                    |                 |                    |
| Not later than one year                           | -               | 3,057              | -               | 1,771              |
| Later than one year and not later than five years | -               | 12,402             | -               | 3,540              |
| Later than five years                             | -               | 768,217            | -               | 675,950            |
| <b>Subtotal: Land</b>                             | -               | 783,676            | -               | 681,261            |
| Less interest element                             | -               | (692,723)          | -               | (612,833)          |
| <b>Present value of obligations</b>               | -               | <b>90,953</b>      | -               | <b>68,428</b>      |
| <b>Buildings</b>                                  |                 |                    |                 |                    |
| Not later than one year                           | 11,908          | 174,388            | 13,846          | 179,388            |
| Later than one year and not later than five years | 42,320          | 661,349            | 44,469          | 667,865            |
| Later than five years                             | 80,826          | 1,737,074          | 93,736          | 1,768,568          |
| <b>Subtotal: Buildings</b>                        | 135,054         | 2,572,811          | 152,051         | 2,615,821          |
| Less interest element                             | (9,679)         | (564,894)          | (21,394)        | (509,056)          |
| <b>Present value of obligations</b>               | <b>125,375</b>  | <b>2,007,917</b>   | <b>130,657</b>  | <b>2,106,765</b>   |
| <b>Other</b>                                      |                 |                    |                 |                    |
| Not later than one year                           | -               | 2,383              | -               | 3,563              |
| Later than one year and not later than five years | -               | 4,589              | -               | 5,086              |
| Later than five years                             | -               | 2,956              | -               | 2,928              |
| <b>Subtotal: Other</b>                            | -               | 9,928              | -               | 11,577             |
| Less interest element                             | -               | (86)               | -               | 248                |
| <b>Present value of obligations</b>               | -               | <b>9,842</b>       | -               | <b>11,825</b>      |
| <b>Total present value of obligations</b>         | <b>125,375</b>  | <b>2,108,712</b>   | <b>130,657</b>  | <b>2,187,018</b>   |
| <b>Current</b>                                    | <b>10,730</b>   | <b>128,676</b>     | <b>11,293</b>   | <b>130,088</b>     |
| <b>Non current</b>                                | <b>114,645</b>  | <b>1,980,036</b>   | <b>119,364</b>  | <b>2,056,930</b>   |

Leases are discounted using the rate implicit in the lease. Where that rate cannot be readily determined, leases are discounted at the entity's incremental borrowing rate.

Where an entity has no borrowings (which is the case for all entities consolidated into the departmental group, with the exception of the BBC), HM Treasury issues discount rates to be used. These cover calendar years and were 1.99% for 2019, 1.27% for 2020 and 0.91% for 2021.

Lease liabilities are held by the BBC of £1,695.3m (2019-20: £1,756.1m). This consists of lease liabilities (inclusive of the effect of discounting the interest element) of £98.7m (2019-20: £93.6m) due in one year, £395.0m (2019-20 restated: £381.6m) due in more than one and not later than five years and £1,201.6m (2019-20 restated: £1,280.8m) due in more than five years. The interest element of these lease liabilities is £491.9m (2019-20: £536.7m).

The core department holds lease liabilities (inclusive of the effect of discounting the interest element) of £125.4m (2019-20: £130.7m), all of which relates to buildings. The interest element for these lease liabilities is £9.7m (2019-20: £21.4m).

| Amounts recognised in SoCNE  | Note | 31 March 2021   |                    | 31 March 2020   |                    |
|--|------|-----------------|--------------------|-----------------|--------------------|
|  |      | Core department | Departmental group | Core department | Departmental group |
|  |      | £'000           | £'000              | £'000           | £'000              |
| Interest on lease liabilities - Finance Cost*  |      | 2,646           | 60,953             | 2,719           | 62,668             |
| Variable lease payments not included in measurement of lease liabilities                         | 4.3  | -               | 108                | -               | 241                |
| Income of sub-leasing right-of-use assets  | 5.2  | -               | (12,027)           | (104)           | (13,369)           |
| Expenses relating to short term liabilities  | 4.3  | -               | 8                  | -               | 5,687              |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 4.3  | 896             | 3,440              | 1,289           | 8,547              |
| <b>Total</b>   |      | <b>3,542</b>    | <b>52,482</b>      | <b>3,904</b>    | <b>63,774</b>      |

\*Interest on lease liabilities is included within the finance cost total in note 4.6.

## 21. Other financial liabilities

|                                 | Total derivatives |
|---------------------------------|-------------------|
|                                 | £'000             |
| <b>Balance at 31 March 2019</b> | <b>551,516</b>    |
| Revaluations                    | (3,578)           |
| <b>Balance at 31 March 2020</b> | <b>547,938</b>    |
| Revaluations                    | 47,204            |
| <b>Balance at 31 March 2021</b> | <b>595,142</b>    |
| <b>Of the total:</b>            |                   |
| Core department                 | -                 |
| Arm's length bodies             | 595,142           |
| <b>Balance at 31 March 2021</b> | <b>595,142</b>    |
| Due within 12 months            | 5,560             |
| Due after 12 months             | 589,582           |
| <b>Balance at 31 March 2021</b> | <b>595,142</b>    |
| Due within 12 months            | 480               |
| Due after 12 months             | 547,458           |
| <b>Balance at 31 March 2020</b> | <b>547,938</b>    |

The BBC held financial derivatives of £595.1m (31 March 2020: £547.9m). The largest element of these derivatives relates to the refinancing of New Broadcasting House of £585.2m (31 March 2020: £545.4m).

## 22. Retirement benefit obligations

|   | 2020-21             |               |                     | 2019-20             |               |                     |
|---|---------------------|---------------|---------------------|---------------------|---------------|---------------------|
|   | Funded              | Unfunded      | Total               | Funded              | Unfunded      | Total               |
|   | £'000               | £'000         | £'000               | £'000               | £'000         | £'000               |
| <b>Analysis of movement in scheme liabilities</b>       |                     |               |                     |                     |               |                     |
| <b>Balance at 1 April</b>                               | <b>17,890,818</b>   | <b>10,962</b> | <b>17,901,780</b>   | <b>18,721,433</b>   | <b>11,813</b> | <b>18,733,246</b>   |
| Current service cost                                    | 203,723             | -             | 203,723             | 240,472             | -             | 240,472             |
| Past service cost                                       | 710                 | -             | 710                 | 3,359               | -             | 3,359               |
| Interest cost on pension scheme liabilities             | 384,408             | 30            | 384,438             | 424,867             | 33            | 424,900             |
| Administration cost                                     | 9,062               | -             | 9,062               | 7,970               | -             | 7,970               |
| Benefits paid   | (561,315)           | (259)         | (561,574)           | (537,926)           | (275)         | (538,201)           |
| Contributions by members                                | 2,699               | -             | 2,699               | 2,708               | -             | 2,708               |
| Contributions by employer                               | -                   | -             | -                   | -                   | -             | -                   |
| (Gains)/losses on settlements and curtailments          | 177                 | -             | 177                 | 369                 | -             | 369                 |
| <b>Remeasurements:</b>                                  |                     |               |                     |                     |               |                     |
| Experience (gains)/losses on defined benefit obligation | (494,986)           | 209           | (494,777)           | (365,049)           | (504)         | (365,553)           |
| Change in demographic assumptions                       | (15,187)            | 488           | (14,699)            | (181,013)           | (28)          | (181,041)           |
| Change in financial assumptions                         | 2,471,864           | 112           | 2,471,976           | (429,679)           | (77)          | (429,756)           |
| Transfers to funded pension scheme reserve              | -                   | -             | -                   | 3,307               | -             | 3,307               |
| <b>Pension liabilities at 31 March</b>                  | <b>19,891,973</b>   | <b>11,542</b> | <b>19,903,515</b>   | <b>17,890,818</b>   | <b>10,962</b> | <b>17,901,780</b>   |
| <b>Analysis of movement in scheme assets</b>            |                     |               |                     |                     |               |                     |
| <b>Balance at 1 April</b>                               | <b>(18,000,026)</b> | <b>-</b>      | <b>(18,000,026)</b> | <b>(18,029,025)</b> | <b>-</b>      | <b>(18,029,025)</b> |
| Interest on assets                                      | (389,141)           | -             | (389,141)           | (410,739)           | -             | (410,739)           |
| Administration cost                                     | 1,298               | -             | 1,298               | 1,600               | -             | 1,600               |
| Benefits paid   | 562,703             | -             | 562,703             | 539,353             | -             | 539,353             |
| Contributions by members                                | (4,008)             | -             | (4,008)             | (4,128)             | -             | (4,128)             |
| Contributions by employer                               | (256,377)           | -             | (256,377)           | (166,406)           | -             | (166,406)           |
| <b>Remeasurements:</b>                                  | <b>-</b>            | <b>-</b>      | <b>-</b>            | <b>-</b>            | <b>-</b>      | <b>-</b>            |
| Change in actuarial assumptions                         | -                   | -             | -                   | 11,982              | -             | 11,982              |
| Return on assets  | (1,729,460)         | -             | (1,729,460)         | 59,826              | -             | 59,826              |
| Transfers to funded pension scheme reserve              | -                   | -             | -                   | (2,489)             | -             | (2,489)             |
| <b>Pension assets at 31 March</b>                       | <b>(19,815,011)</b> | <b>-</b>      | <b>(19,815,011)</b> | <b>(18,000,026)</b> | <b>-</b>      | <b>(18,000,026)</b> |
| <b>Net pension liability/(asset) at 31 March</b>        | <b>76,962</b>       | <b>11,542</b> | <b>88,504</b>       | <b>(109,208)</b>    | <b>10,962</b> | <b>(98,246)</b>     |
| <b>Of the total:</b>                                    |                     |               |                     |                     |               |                     |
| Core department   | -                   | -             | -                   | -                   | -             | -                   |
| Arm's length bodies                                     | 76,962              | 11,542        | 88,504              | (109,208)           | 10,962        | (98,246)            |
| <b>Balance at 31 March</b>                              | <b>76,962</b>       | <b>11,542</b> | <b>88,504</b>       | <b>(109,208)</b>    | <b>10,962</b> | <b>(98,246)</b>     |
| <b>Comprising:</b>                                      |                     |               |                     |                     |               |                     |
| BBC   | (198,200)           | 7,800         | (190,400)           | (254,800)           | 7,600         | (247,200)           |
| BFI   | 92,403              | 2,411         | 94,814              | 59,971              | 2,072         | 62,043              |
| Sport England   | 57,121              | -             | 57,121              | 41,273              | -             | 41,273              |
| BTA   | 23,494              | 118           | 23,612              | 1,849               | 120           | 1,969               |
| UK Sport  | 96,723              | (155)         | 96,568              | 44,459              | (133)         | 44,326              |
| Ofcom   | (14,876)            | 1,153         | (13,723)            | (22,426)            | 1,085         | (21,341)            |
| Other ALBs  | 20,297              | 215           | 20,512              | 20,466              | 218           | 20,684              |
| <b>Total</b>  | <b>76,962</b>       | <b>11,542</b> | <b>88,504</b>       | <b>(109,208)</b>    | <b>10,962</b> | <b>(98,246)</b>     |



## 22.1 Analysis of total pension cost recognised in the Consolidated Statement of Comprehensive Net Expenditure

|   | 2020-21<br>£'000 | 2019-20<br>£'000 |
|---|------------------|------------------|
| <b>Pension cost recognised in Net Operating Cost</b>    |                  |                  |
| Current service cost                                    | 203,723          | 240,472          |
| Past service cost                                       | 710              | 3,359            |
| Enhancements and losses on settlements and curtailments | 177              | 369              |
| Net interest cost on Pension Scheme                     | (4,703)          | 14,161           |
| Administration cost                                     | 10,360           | 9,570            |
| <b>Total</b>  | <b>210,267</b>   | <b>267,931</b>   |

|   | 2020-21<br>£'000 | 2019-20<br>£'000 |
|---|------------------|------------------|
| <b>Remeasurements recognised in Other Comprehensive Net Expenditure</b> |                  |                  |
| <b>Pension liabilities:</b>   |                  |                  |
| Experience (gains)/losses on defined benefit obligation                 | (494,777)        | (365,553)        |
| Change in demographic assumptions                                       | (14,699)         | (181,041)        |
| Change in financial assumptions   | 2,471,976        | (429,756)        |
| <b>Pension assets:</b>  |                  |                  |
| Change in actuarial assumptions   | -                | 11,982           |
| Return on assets  | (1,729,460)      | 59,826           |
| <b>Total</b>  | <b>233,040</b>   | <b>(904,542)</b> |

### 22.1.1 Funded pension schemes

A number of the ALBs operate funded pension schemes, details of the most significant schemes are included below.

The range of future employer contributions for funded schemes are shown below:

|  | Future employer contributions |
|--|-------------------------------|
| BBC  | 42.3%                         |
| BFI  | 11.5%                         |
| Sport England <sup>1</sup>                           | 16%                           |
| BTA  | 9% - 16%                      |
| UK Sport   | 12%                           |
| Ofcom (benefits accruals have ceased, see note 22.5) | £555k                         |
| Other ALBs   | 12% - 27.2%                   |

[1] Employer contribution rate of 16.1% in 2020 reduced to 16% in 2021

Further information in relation to these funded pension schemes are set out in the published accounts of the ALBs.

## 22.2 BBC pension scheme

These accounts include only the elements of the BBC classified as central government. The DCMS group accounts include the entire BBC pension scheme in accordance with note 1.3 (where the Office for National Statistics have classified the scheme assets and liabilities as falling to central government). It is not possible to allocate the scheme's deficit across the individual divisions of the BBC. However, no guarantee has been given by either the Department or HM Government in respect of this scheme. Pension contributions are paid into a trust fund (BBC Pension Trust Limited) and these contributions are invested by the trustees to produce income from which benefits are paid. The fund is separate from the finances of the BBC and participating employers. It is used to provide benefits for the scheme's members and their dependants.

The scheme, a defined benefit scheme, is now closed to new entrants. The scheme provides pensionable salary related benefits on a defined benefit basis funded from assets held in separate trustee-administered funds. The scheme trustees manage the plan in the short, medium and long term. They make funding decisions based on valuations which take a longer-term view of the assets required to fund the scheme's liabilities. Valuations of the scheme are performed by Willis Towers Watson, consulting actuaries. Formal valuations are undertaken at least every three years. The scheme's net pension asset represents the majority of the BBC's net pension asset, with details below:

| BBC pension scheme financial position as at:        |              |              |                |
|---|--------------|--------------|----------------|
|   | 2021         | 2020         | 2019           |
|   | £m           | £m           | £m             |
| Scheme assets                                       | 18,925.3     | 17,202.9     | 17,183.9       |
| Scheme liabilities                                  | (18,727.1)   | (16,948.1)   | (17,705.4)     |
| <b>Surplus/(Deficit)</b>                            | <b>198.2</b> | <b>254.8</b> | <b>(521.5)</b> |
| Percentage by which scheme assets cover liabilities | 101%         | 102%         | 97%            |

Note G.2.3 of the BBC accounts includes details on the allocation of assets by the pension fund Trustees, governed by the need to manage risk against the desire for high returns and any liquidity needs.

### 22.2.1 Funding the BBC scheme

The most recent triennial actuarial valuation of the pension scheme at 1 April 2019 by Willis Towers Watson showed a funding shortfall of £1,138m. A recovery plan was agreed between the BBC and the pension scheme Trustees which details the additional contributions to be paid by the BBC through to December 2028.

|   | Projection |      |      |      |
|---|------------|------|------|------|
|   | 2022       | 2021 | 2020 | 2019 |
|   | %          | %    | %    | %    |
| Employer                                | 42.3       | 31.4 | 31.4 | 31.4 |
| Employee (old and new benefits)         | 7.5        | 7.5  | 7.5  | 7.5  |
| Employee (career average benefits 2006) | 4.0        | 4.0  | 4.0  | 4.0  |
| Employee (career average benefits 2011) | 6.0        | 6.0  | 6.0  | 6.0  |

## 22.2.2 Principal actuarial assumptions of the BBC scheme

The calculation of the scheme liabilities and pension charges, for IAS 19 purposes, requires a number of financial and demographic assumptions to be made. The principal assumptions used by the actuaries, were:

| Principal financial assumptions              | 2021 | 2020 | 2019 |
|--|------|------|------|
|  | %    | %    | %    |
| Rate of increase in salaries                 | 1.0  | 1.0  | 1.0  |
| <b>Rate of increase in pension payments:</b> |      |      |      |
| Old Benefits                                 | 3.5  | 3.0  | 3.2  |
| New Benefits                                 | 3.3  | 2.8  | 3.0  |
| Career Average Benefits (2006)               | 2.4  | 2.4  | 2.4  |
| Career Average Benefits (2011)               | 2.9  | 2.0  | 2.1  |
| Inflation assumption (RPI)                   | 3.5  | 2.8  | 3.2  |
| Inflation assumption (CPI)                   | 3.0  | 2.0  | 2.2  |
| Discount rate                                | 2.0  | 2.2  | 2.3  |

The average life expectancy assumptions, for members after retirement at 60 years of age, are as follows:

| Principal demographic assumptions | 2021            | 2020            | 2019            |
|-----------------------------------|-----------------|-----------------|-----------------|
|                                   | Number of years | Number of years | Number of years |
| <b>Retiring today:</b>            |                 |                 |                 |
| Male                              | 27.0            | 26.9            | 27.2            |
| Female                            | 29.0            | 29.2            | 29.5            |
| <b>Retiring in 20 years:</b>      |                 |                 |                 |
| Male                              | 29.0            | 28.4            | 28.7            |
| Female                            | 31.0            | 30.8            | 31.1            |

The sensitivities of the scheme's liabilities to changes in the principal assumptions are set out below:

|                             | Assumption used% | Movement                 | Impact on Scheme liabilities % | Impact on Scheme liabilities £m |
|-----------------------------|------------------|--------------------------|--------------------------------|---------------------------------|
| Discount rate               | 2.0              | Decrease/increase 0.5%   | 2.1/1.8                        | (391)/340                       |
| Retail price inflation rate | 3.5              | Decrease/increase 0.1%   | 1.8/1.9                        | 340/(349)                       |
| Mortality rate              | 1.25*            | Decrease/increase 1 year | 4.9/5.0                        | 923/(941)                       |

\* A long-term trend of 1.25% for both males and females has been applied to the life expectancy reported above

Note C7 of the BBC accounts details the actuarial risks relating to the BBC pension scheme, covering investment, currency, counterparty, interest, longevity, inflation, liquidity and custody risk. Level 3 assets are valued in line with industry standard guidelines, including RICS methodology for Property and International Private Equity and Venture Capital guidelines for Private Equity. At 31 March 2021 Direct and Pooled property was valued at £1,562.0m and a 5% reduction would equate to £78.1m.

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the BBC annual accounts.

## 22.3 Local Government Pension Scheme

A number of ALBs participate in the Local Government Pension Scheme (LGPS) operated by the London Pension Fund Authority (LPFA).

The LGPS is a funded defined benefit scheme, benefits are based on final salary and the scheme remains open to existing members for ongoing accrual of benefits.

The scheme is subject to triennial valuations by the consulting actuaries to the LPFA and the latest valuation was at 31 March 2019. The next formal valuation is due on 31 March 2022.

Most of the LPFA's assets have quoted prices in active markets, but there are unquoted property, infrastructure and private equity assets. The property and infrastructure assets are subject to valuation by external valuers and despite the ongoing impact of COVID-19 on the market and wider economy, the valuers have advised the pension fund that they are satisfied with the valuation of the assets at 31 March 2021. The actuaries have also given due consideration to the impact of COVID-19 on mortality rates and a prudent approach has been taken, following the guidance of the Institute and Faculty of Actuaries 'Continuous Mortality Investigation' 2020.

The details on the fair value of plan assets, risk management strategies, funding arrangements and maturity profile for the scheme assets and liabilities can be found in the individual accounts for each of the bodies that are part of the LPFA.

### 22.3.1 British Film Institute (BFI) pension schemes

BFI participates in the Local Government Pension Scheme (LGPS), operated by the London Pension Fund Authority (LPFA).

The BFI has accounted in full for pension benefits in the year ended 31 March 2021. Therefore, as at 31 March 2021, BFI's share of the pension deficit was £94.8m (2020: £62.0m). BFI's agreed schedule of contributions is 15.4% of member employees' salary per year plus a monetary amount of £385k (2020: £891k).

From 1 January 2014, the BFI also operates a defined contribution pension scheme which is available to all employees not already in the defined benefit scheme. Employee contributions for members of the scheme for the year ended 31 March 2021 were £504k (31 March 2020: £457k).

### 22.3.2 Sport England pension schemes

Sport England also participates in the LGPS.

It is a funded defined benefit scheme which was closed to new members on 30 September 2005. Benefits are based on final salary until 31 March 2014, and on a career average salary basis from 1 April 2014. Sport England's share of the net pension deficit was £57.1m (31 March 2020 restated: £41.3m).

Additional employer contributions are paid into the scheme to reduce the scheme's deficit as advised by the scheme's actuaries based on the triennial valuation. In addition, Sport England makes voluntary contributions that are dependent on available funds.

Sport England also operates a Group Personal Pension Plan defined contribution scheme run by Aviva. This is available to employees who commenced service on or after 1 October 2005. Employer contributions for members of this scheme for the year ended 31 March 2021 were £429k (31 March 2020: £821k).

### 22.3.3 UK Sport pension schemes

UK Sport operates the following pension schemes:

#### *UK Sport:*

The majority of staff of UK Sport (both Exchequer and Lottery funded) are members of the LGPS.

The pension scheme is a funded defined benefit scheme open to all staff. The scheme is based on average salary throughout membership. UK Sport's share of the pension scheme liability as at the year-end is £34.3m (31 March 2020: £14.0m). As a result of the triennial valuation in March 2016 it was agreed that in order to reduce the deficit on the scheme, UK Sport was to make secondary contributions into the LPFA fund covering the period to 31 March 2020. An additional pension contribution of £266k (2019-20: £174k) has been made in the year. Following the most recent triennial valuation (31 March 2019) it was determined that for the period to the next valuation additional contributions are no longer required.

#### *The English Institute of Sport:*

*The English Institute of Sport (EIS) is a subsidiary of UK Sport. EIS also participates in the LGPS. The pension scheme is a funded defined benefit scheme which is open to all staff.*

EIS's share of the pension scheme liability as at the year end is £62.2m (31 March 2020: £26.3m).

### 22.3.4 Other participating members of LGPS

Other ALBs participating in the Local Government Pension Scheme are:

- Geffrye Museum (Museum of the Home);
- Horniman Public Museum and Public Park Trust; and
- UK Anti-Doping.

### 22.4 British Tourist Authority (BTA) pension schemes

BTA participates in the British Tourist Boards' Pension Scheme (BTBP). The BTBP Scheme is a multi-employer scheme which includes other Tourist Boards. It is a defined benefit final salary pension scheme, which is closed to new entrants from 1 April 2017.

In accordance with IAS 19, BTA's share of the deficit of the funded scheme as at 31 March 2021 is £23.6m (31 March 2020: £1.9m). These figures include the US pension scheme. For the UK pension scheme (BTBPs), the correct deficit at 31 March 2021 is £23.9m (31 March 2020: £2k).

BTA also operates defined contribution schemes in other parts of the world, outside of the USA.

### 22.5 Ofcom pension schemes

Ofcom operates the following pension schemes:

#### *Defined benefit schemes:*

- The Ofcom Defined Benefit Pension Plan.
- The Ofcom (Former ITC) Pension Plan which Ofcom jointly participates in with S4C, S4C Masnachol and the Advertising Standards Authority.

Both of these plans are closed to new entrants and benefit accruals ceased on 31 May 2011. From this time all existing members were provided with access to the Ofcom stakeholder plan, which is a defined contribution scheme (see below).

As at 31 March 2021 these schemes had a net pension surplus of £14.8m (31 March 2020: £22.4m). These schemes had an additional net pension asset of £7.7m (31 March 2020: £8.4m) that has not been recognised. IAS19 *Employee Benefits (revised)* only allows the pension asset to be recognised if an economic benefit is available to the body as a result of the surplus. Per the Ofcom (Former ITC) Plan's



Trust Deed and Rules a refund of any surplus is not available to Ofcom, and therefore a reduction of the pension asset is required, as such only £14.8m is included in the accounts.

The scheme is administered by a board of Trustees that is independent of Ofcom. Ofcom operates a feeder trust account which sets aside funds in order to make future contributions to the running of the plan.

#### *Defined contribution scheme:*

Ofcom also operates a defined contribution plan which is the stakeholder pension plan. This is now the primary means of providing pension benefits to staff. Employer contributions of £6.4m were made in the year ended 31 March 2021 (31 March 2020: £6.1m).

## 22.6 Unfunded pension schemes

The BBC, British Film Institute, British Tourist Authority, UK Sport, Ofcom and Gambling Commission have unfunded pension schemes. For more details on these schemes refer to the published accounts of the individual ALBs (see note 28).

## 23. Capital, other commitments and lessor arrangements

### 23.1 Capital commitments

| Contracted capital commitments not otherwise included in these financial statements: | 31 March 2021   |                    | 31 March 2020   |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Property, plant & equipment  | -               | 80,021             | -               | 108,540            |
| Intangible assets  | -               | 906                | -               | 1,374              |
| <b>Total</b>   | -               | <b>80,927</b>      | -               | <b>109,914</b>     |

Commitments as at 31 March 2021 include the following significant elements:

- BBC had commitments of £10.4m (31 March 2020: £17.2m);
- Science Museum Group had commitments of £5.0m (31 March 2020: £11.3m);
- British Museum had commitments of £15.7m (31 March 2020: £30.9m);
- Victoria and Albert Museum had commitments of £11.7m (31 March 2020: £29.2m); and
- The National Portrait Gallery had commitments of £18.9m (31 March 2020: £2.6m).

### 23.2 Operating leases as lessor

| Future minimum lease payments under non-cancellable operating leases comprise: | 31 March 2021   |                    | 31 March 2020   |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Not later than one year  | -               | 7,192              | -               | 8,776              |
| Later than one year and not later than five years                              | -               | 24,960             | -               | 23,456             |
| Later than five years  | -               | 30,683             | -               | 34,633             |
| <b>Total operating leases as a lessor</b>                                      | -               | <b>62,835</b>      | -               | <b>66,865</b>      |

The significant component of the group lessor balance at 31 March 2021 is the BBC holding of £57.8m (31 March 2020: £59.4m). These leases relate to various property sub-lease arrangements. Contingent rent recognised as income during the period amounted to £nil (2019-20: £nil).

### 23.3 Commitments under PFI contracts and other service concession arrangements off-balance sheet (Consolidated Statement of Financial Position)

The group has entered into the following non-cancellable off-balance sheet PFI contract:

In 2010, the National Museums Liverpool (NML) entered into a 17 year standard form of PFI contractual arrangement for the provision of energy services and is making quarterly unitary payments over this period for a Combined Heat Power plant that came into use in October 2010. Further details can be found in NML's accounts.

Total future minimum payments to which the group is committed, as at 31 March 2021, analysed by the period during which commitments expire are as follows:

| Obligations for off-balance sheet (SoFP) PFI and other service concession arrangements for the following periods comprise: | 31 March 2021   |                    | 31 March 2020   |                    |
|--|-----------------|--------------------|-----------------|--------------------|
|  | Core department | Departmental group | Core department | Departmental group |
|  | £'000           | £'000              | £'000           | £'000              |
| Not later than one year  | -               | 625                | -               | 612                |
| Later than one year and not later than five years  | -               | 2,660              | -               | 2,606              |
| Later than five years  | -               | 354                | -               | 1,048              |
| <b>Total</b>   | -               | <b>3,639</b>       | -               | <b>4,266</b>       |

### 23.4 Other financial commitments

The group entered into non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements. The payments to which the group are committed as at 2020-21, analysed by the period during which the commitments expire, are as follows:

|   | 31 March 2021   |                    | 31 March 2020   |                    |
|---|-----------------|--------------------|-----------------|--------------------|
|   | Core department | Departmental group | Core department | Departmental group |
|   | £'000           | £'000              | £'000           | £'000              |
| Not later than one year                           | -               | 1,024,751          | -               | 953,758            |
| Later than one year and not later than five years | -               | 1,512,505          | -               | 1,674,480          |
| Later than five years                             | -               | 649,717            | -               | 616,737            |
| <b>Total</b>                                      | -               | <b>3,186,973</b>   | -               | <b>3,244,975</b>   |

The BBC as at 31 March 2021 had commitments of £2,995.0m (31 March 2020: £3,126.9m) relating to long term outsourcing contracts including IT support, content distribution and transmission, facilities management and elements of finance support.

UK Sport Exchequer as at 31 March 2021 had commitments of £72.5m (31 March 2020: £10.3m) relating to grant commitments which are subject to an annual review process.

Sport England Exchequer as at 31 March 2021 had commitments of £59.6m (31 March 2020: £36.5m) relating to grants awarded in respect of approved programmes.

National Citizen Service as at 31 March 2021 had commitments of £24.1m (31 March 2020: £28.2m) relating to contracts for programme delivery partners.

Historic England as at 31 March 202 had commitments of £18.1m (31 March 2020: £27.3m) relating to grants in respect of approved programmes.

## 24. Contingent assets and liabilities

### 24.1 Contingent liabilities disclosed under IAS 37

#### 24.1.1 Quantifiable

##### Core Department

###### *Building Digital UK (BDUK)*

The contingent liability for a potential clawback in relation to European Regional Development Fund (ERDF) funding for two broadband projects which were procured through change requests to existing contracts with BT remains in place. The contracts were agreed under the 2012 State Aid National Broadband Scheme (NBS) which expired in June 2015. However, the England ERDF Operational Programme for the 2014-2020 period was not agreed until later in 2015 and therefore the funding was added to the contracts in 2016.

The Department believes the funding meets the ERDF criteria given that the contracts had state aid clearance and provision for the extra ERDF funding was included. However, it is possible that the ERDF auditors decide that the additional funding was not in compliance with ERDF criteria as it was added to the contracts after the expiration of the NBS. Advice from the Department for Levelling Up, Housing and Communities (DLUHC) is that the maximum level of possible fines or penalties would be £2.5m. The outcome will not be known until the relevant audits have taken place, with the potential of an audit challenge remaining in place until 2026.

###### *Production Restart Scheme*

This compensation scheme was created to restart the UK film and TV production and aid economic recovery of this important sector, by addressing the market failure of the unavailability of COVID-19 insurance for productions. The £7.9m contingent liability is all claims relating to 2020-21 that have not been paid or provided for in the accounts.

###### *BDUK Vouchers - Legal Action*

A pre-action legal letter has been received from TrueSpeed for a claim of £0.6m for BDUK vouchers that were never issued as the pre-registered package that those vouchers could have been claimed against was never approved.

The voucher terms state that there can be no retrospective claims and legal advice is against mediation, with a less than 30% chance of the claim being successful.

###### *Rugby League World Cup (RLWC)*

The Department and HM Treasury (HMT) have agreed to underwrite up to £13.2m for the RLWC which was due to take place in October and November 2021. This constitutes a contingent liability for DCMS as there is an obligation in place however there was not sufficient probability of an outflow of resources as at 31 March 2021.

##### Group

###### *Lottery Distribution Bodies (LDBs)*

In 2020-21, the Lottery Distribution Bodies (LDBs) have contingent liabilities relating to future grant payments. The estimated value is £398m (2019-20: £345m). The LDBs include British Film Institute, National Lottery Community Fund (formerly Big Lottery Fund), National Lottery Heritage Fund, Sport England, and UK Sport.

The contingent liabilities as at 31 March 2021 relate to potential grant awards that do not satisfy the criteria of being treated as a liability. For more detailed information on contingent liabilities, please refer to the financial statements of the individual LDBs.

The values per LDB are set out in the table below.

| Lottery Distribution Body       | 20-21<br>£m | 19-20<br>£m |
|---------------------------------|-------------|-------------|
| Sport England                   | 16          | 24          |
| UK Sport                        | 246         | 82          |
| National Lottery Heritage Fund  | 116         | 219         |
| National Lottery Community Fund | 15          | 15          |
| British Film Institute          | 5           | 5           |
| <b>Total</b>                    | <b>398</b>  | <b>345</b>  |

### *Guarantee of British Horseracing Authority (BHA) Pension Scheme*

On 30 July 2007 the Horseracing Betting Levy Board (HBLB) entered into an agreement with the British Horseracing Authority (BHA), the Jockey Club and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Pension Scheme (the 'Scheme'), to guarantee the payment by the BHA of certain contributions to the Scheme. The last completed formal valuation of the scheme took place in December 2017. Until recently HBLB provided two separate guarantees: an annual deficit repair guarantee of up to £0.6m valid until September 2024 if BHA were unable to pay, and a 'wind-up' guarantee up to a maximum of £30.3m valid until December 2024.

A new valuation is currently underway and HBLB was approached by the Trustees of the scheme to consider an extension to the wind-up guarantee. This was subsequently agreed by the Board with the necessary approvals from DCMS and HM Treasury subsequently received.

As a result, the Board will not now continue with a renewed annual guarantee beyond the lapse date of September 2024. The term of the wind-up guarantee has been extended by eight years to December 2032 although the amount has been capped at the previous £30.3m.

Accordingly, the Board now has a contingent liability in the event of the BHA scheme needing to be wound-up as a result of BHA not being able to meet contributions and has agreed if such circumstances arise to:

- a. Meet the annual deficit contributions of up to £0.6m per annum for the period ending 30 September 2024;
- b. Guarantee until the earlier of (i) 31 December 2032 and (ii) the date a future actuarial valuation of the Scheme discloses that there is no longer a past deficit on the basis of the December 2006 Actuarial Assumptions the full Scheme wind-up liabilities; up to a maximum of £30.3m, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the Scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason.

The Board no longer provides a guarantee in respect of the BHA's future service contributions to the Scheme (2009 agreement: up to a maximum of 7% per annum of pensionable salaries).

### *The British Museum*

The British Museum is currently contesting a case relating to the withdrawal of charitable relief against business rates on elements of the Bloomsbury site. The possible obligation is estimated at £1.4m. The hearing of the contested issues is expected within the 2021-22 financial year. The same liability was reported as at 31 March 2020 with an estimated obligation of £1.4m.

The result of the hearing could set a precedent for other museums and galleries with commercial areas. However, as at 31 March 2021, the Department does not consider any other bodies in the group to have a contingent liability related to business rates.

## *Sport England*

In 1979, the Football Association (FA) contributed £0.5m towards the construction of a hostel at Lilleshall National Sports and Conferencing Centre. A management agreement with the FA was entered into by Sport England which enabled the FA to run the Vauxhall School at the Centre which closed in July 1999. The Management Agreement continues to remain in place and at the present time the accommodation is used by the FA's Medical and Education Units. If Sport England were to terminate the agreement at any time before 2039, then a proportion of the £0.5m would fall due to be paid to the FA calculated by the reference to time. It is considered unlikely that the agreement will be terminated by Sport England.

## *Gambling Commission*

There are contingent liabilities of £1.0m as at 31 March 2021 (31 March 2020: £0.3m). The contingent liabilities figure is a combination of legal costs (£0.5m) and voluntary exits (£0.5m) which has been calculated under the guidance of IAS 37, based on events existing at the Statement of Financial Position date.

## *Birmingham Organising Committee for the 2022 Commonwealth Games*

The Organising Committee (OC) has a guarantee in place with Sandwell Metropolitan Borough Council (SMBC) for funding in respect of works undertaken for £0.6m (31 March 2020: £0.6m). This is subject to a number of conditions set out in a funding letter to SMBC. There will be a signed detailed funding agreement.

The OC has an indemnity letter in place in favour of the CGF Partnerships (CGFP) and Commonwealth Games Federation (CGF) in the event the Games are cancelled due to a pandemic. The indemnity of £79m is in respect of sponsorship, broadcast rights and merchandising income which may be refundable in the event of cancellation due to a pandemic.

The OC has an indemnity in place with CGFP of £6.5m recognising its obligations for sponsorship, broadcast rights and merchandising should the Games be cancelled.

### **24.1.2 Unquantifiable**

#### **Core Department**

##### *Hague Convention and Cultural Property (Armed Conflicts) Act 2017*

The government has ratified the 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict and accede to its two Protocols. The Cultural Property (Armed Conflicts) Act 2017 created a number of new criminal offences in domestic law to enable the UK to ratify the Convention and accede to the Protocols. The offences include a serious breach of the Second Protocol, unauthorised use of the Cultural Emblem and the offence of dealing in unlawfully exported cultural property. The Department has an unquantifiable contingent liability for the additional costs related to imprisonment and legal costs incurred by the Ministry of Justice for prosecutions brought solely under this new legislation. The Department also has an unquantifiable contingent liability for any costs it may be required to cover relating to compensation which may be payable to buyers of 'good faith' that forfeit any cultural property.

##### *The Royal Parks historic liabilities*

On 15 March 2017, an agreement to manage the Royal Parks was signed between The Royal Parks Limited and the Secretary of State setting out the elements transferred from The Royal Parks Agency (TRPA) and additional obligations and arrangements. Under the terms of the agreement, the core Department retains responsibility for the cost of historic liabilities of TRPA for 10 years. There is an unquantifiable contingent liability in respect of an incident in one of the Royal Parks. There is insufficient information to assess the value of the liability at this time.



## *Underwrite of Commonwealth Games*

The UK government was successful in its bid for the 2022 Commonwealth Games, which will be hosted in Birmingham. The UK government will fund 75% of the public sector cost of delivering the Games, after commercial income has been taken into account, and local government will fund the remaining 25% of the public sector cost. As part of the successful bid to host the Games, the Department has taken on a contingent liability by guaranteeing to financially underwrite the organisation and staging of the Games. As such, the Department will meet any potential financial shortfall of the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd. At this stage any liability is unquantifiable.

In addition, the Commonwealth Games Federation required a series of guarantees from central and local government to support the planning and delivery of the Games. The provision of such guarantees is an integral, common part of bidding to host any major sporting event, and important to the success of hosting the Commonwealth Games in 2022. The underwrite and guarantees were disclosed to Parliament in a departmental minute in October 2017.

### **Group**

#### *The British Library*

The British Library has undertaken the digitisation of millions of pages of newspaper from the archive using a commercial partner to take on the costs of digitisation in return for being able to exploit the digital archive commercially.

The supplier has warranted in its contract with the Library that use of the digitisations will not infringe copyright, or give rise to any possible action for defamation and has undertaken to cover any liability falling on the library as a result of any such claims (in addition to the cost of defending the action) up to £5m.

DCMS has agreed to underwrite any liability which arises beyond that, for the duration that such claims might arise. It is considered that a claim in excess of £5m would be extremely unlikely but in the event that the liability is called, provision for any payment will be sought through the normal supply procedure.

#### *The National Gallery*

The National Gallery is recognising an unquantifiable liability in respect of funds received from Ronald S Lauder. The funds enabled the Gallery to purchase the painting 'Scenes from the Lives of the Virgin and other Saints' by Giovanni da Rimini in July 2015. The deed between the Gallery and the donor states that a part of the consideration is in relation to the lease of the painting to the donor in the period from the acquisition of the painting for the remainder of the donor's lifetime. The Gallery is unable to measure the value of the obligation so it is recorded as unquantifiable liability.

#### *New Fair Deal – Natural History Museum*

The Natural History Museum outsourced the provision of soft maintenance services to Servest Ltd. in 2009. This required a number of employees to be transferred out of the Museum's employment and into the employment of Servest under the Transfer of Undertakings (Protection of Employment) Regulations 2006. These employees had to be enrolled by the new employer into a pension scheme broadly comparable to the Civil Service Pension scheme which they were enrolled in whilst in the Museum's employment. The contract was retendered and awarded to Total Support Services Ltd in July 2016 which under the New Fair Deal Policy triggered the opportunity for the transferred staff to transfer the pension benefits earned in the Servest scheme back into the Civil Service Pension scheme.

As the contracting authority, the Natural History Museum will have a liability to pay the shortfall between the transfer in and transfer out values. The value of the liability will depend on negotiation with the Servest scheme provider and the number of individuals who take up the option to transfer. The Government Actuary's Department have been engaged to undertake this process on the Museum's behalf.



## 24.2 Contingent assets

### Group

#### *Land sales on the Greenwich Peninsula*

As successor to the Millennium Commission, the National Lottery Community Fund is entitled to a share of the proceeds of land sales on the Greenwich Peninsula made by the Greater London Authority, once certain costs have been covered. Payments of £48.9m are forecast to be received between 2016 and 2045, of which £8.1m had been received by the end of 2020-21.

#### *Sale of Olympic Park*

The National Lottery contributed £675m to the funding of the London 2012 Olympic and Paralympic Games for which it is entitled to receive a share of receipts from the sale of land on Queen Elizabeth Olympic Park. The arrangements are set out in a legal agreement between the Secretary of State and the Greater London Authority (GLA) dated 29 March 2012 which sets out the distribution of funds between the GLA and the Lottery Distributors (via the core department). We continue to engage with the GLA on forecasts for land sales on the Olympic Park. Repayments are forecast to start from 2026-27.

#### *British Museum Legacies*

Three legacies were bequeathed to the British Museum group. The amount and timing of these payments are uncertain, as the museum's interest is in the residuary estates, but are estimated at around £0.1m.

## 25. Related party transactions

### Core department

At 31 March 2021, DCMS was the sponsor of the ALBs listed in note 28. These bodies are regarded as related parties, with which the Department has had various material transactions during the year. All of these transactions were conducted in the normal course of business and on an arm's length basis.

The Department made a number of material transactions with other government bodies, these are set out below:

| Related Party  | Nature of Transaction  |
|--|--|
| Cabinet Office   | Provision of Information Technology services under a shared service agreement.   |
| Department for Business, Energy & Industrial Strategy (BEIS) | DCMS provided funding for Digital Economy programmes delivered by BEIS sponsored research councils and Innovate UK.  |
| Department for Education (DfE)                               | Contributions from DfE for a number of Arts and Culture programmes (Music Hubs, In Harmony and implementing response to the Henley review of cultural education). DCMS Contribution to DfE for the Primary School Sports Premium.                    |
| Department of Health and Social Care (DoH)                   | DoH contributions to School Games Organisers programme, amounts passed on to Sport England.  |
| Department for International Trade (DIT)                     | Payments from DCMS to DIT relate to contributions to various cyber security programmes.  |
| Government Legal Department                                  | Government Legal Department provides legal services to DCMS and over 180 central government departments and other publicly funded bodies in England and Wales.   |
| HM Revenue and Customs (HMRC)                                | Payments from DCMS to HMRC relating to DCMS leasing office space at 100 Parliament Street. DCMS also pays PAYE, national insurance and VAT to HMRC.  |
| Local Authorities  | Payments to 26 councils or their subsidiaries who are responsible for administering and enabling the broadband rollout in their area and 5 councils as part of the local full fibre programme. DCMS also pays business rates to Westminster Council. |
| Department for Levelling Up, Housing and Communities (DLUHC) | DCMS contributions to cover local government Libraries and Sports PFI projects that are distributed by DLUHC.  |
| Network Rail Infrastructure Ltd                              | Payments to Network Rail as part of the local full fibre programme.  |
| The Northern Ireland Executive                               | Payment to the Northern Ireland Executive for their share of the Wireless and Telegraphic Act licence fee receipts.  |
| Security & Intelligence Agencies                             | Payments from DCMS to Security & Intelligence Agencies relate to contributions to various cyber security programmes.   |

The National Lottery Distribution Fund is maintained under the control and management of the Secretary of State. During the year, a number of staff employed by the core department worked on National Lottery Distribution related activities and also used systems owned by the department. These costs were recharged to the fund by the department.

Departmental Ministers make specific disclosure of financial interests as required by the Ministerial Code of Conduct. DCMS Non-Executive Board members must declare to the Permanent Secretary any personal or business interest which may, or may be perceived to, influence their judgement as a board member.

### **Departmental Group**

Other than those listed below, no Minister, Board Member, or other related parties have undertaken any material transactions with the group during the year.

#### *Non-Executive Board Members*

Neil Mendoza (Non-Executive Board Member) is the Chairman of the Board of Trustees of the Landmark Trust, which received £1,215k from Historic England and £250k from the National Lottery Heritage Fund (£548k payable at year end). Neil Mendoza is also a Vice Board Chair for Soho Theatre that received £1,762k from Arts Council England (£942k payable at year end) and £53k from BBC; a Board Chair for Lundy company limited which received £750k from National Lottery Heritage Fund (£500k payable at year end) and the Lundy company limited paid £1k to Office of Communications (Ofcom); a Director for Oriol College, Oxford University which paid £196k to the British Library (£1k receivable at year end); and on the Board of Visitors of the Ashmolean Museum which is one of four Oxford University Museums that together received £640k from the Arts Council England (£640k payable at year end), £26k from the British Museum, £26k from the National Lottery Heritage Fund and £3k from the Victoria and Albert Museum.

Sherry Coutu (Non-Executive Board Member) is a Chair of the board of Trustees for Founders4Schools which received £223k from the core department. Sherry Coutu is also an advisory Board Member of The Royal Society, which paid £29k to the BBC, £1k to Ofcom and received £1k from the British Museum; and a Non-Executive Director for Pearson PLC, a recipient of £14k (£7k payable at year end) from the BBC.

Barney Wyld, the husband to Baroness Wyld (Non-Executive Board Member) is a Trustee for Woolwich Contemporary Print Fair which is a recipient of £14k from the Arts Council England.

#### *Audit and Risk Committee Members*

Hemant Patel (Non-Executive Board Member and Audit Risk Committee Chair; appointed 19 March 2020) is the Finance Director of Premier Inn at Whitbread PLC which received £11k (£2k payable at year end) from UK Sport, £1k from Royal Armouries Museum and £1k from Imperial War Museum for hotel accommodation.

#### *Executive Board Members*

Susannah Storey is a Trustee of The Charities Aid Foundation (CAF) which received £19.9m from the core department, £2k from the Arts Council England and £1k from Imperial War Museum. CAF also paid £21k to Imperial War Museum and £4k to the National Gallery (£25k payable at year end).

The Remuneration Report (page 60) contains details of payments made to key personnel.

## 26. Events after the reporting period

In accordance with the requirements of IAS 10 *Events after the Reporting Period*, post year end events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The following events occurred after the reporting period:

### *Changes to Ministerial team*

The following changes to the ministerial team have occurred since 1 April 2021:

- The Rt Hon Oliver Dowden CBE MP (Secretary of State for Digital, Culture, Media and Sport) was replaced by The Rt Hon Nadine Dorries MP on 15 September 2021.
- Caroline Dinenage MP (Minister of State (Minister for Digital and Culture)) was replaced by Julia Lopez MP (Minister of State for Media, Data and Digital Infrastructure) on 16 September 2021.
- Matt Warman MP (Parliamentary Under Secretary of State (Minister for Digital Infrastructure)) was replaced by Chris Philp MP (Minister for Tech and the Digital Economy) on 17 September 2021.
- Lord Parkinson of Whitley Bay (Lord in Waiting and Parliamentary Under Secretary of State) was appointed on 30 September 2021 as the Minister for Arts, replacing Baroness Barran MBE (Minister for Civil Society and DCMS) who left the department on 17 September 2021.
- Nigel Huddleston MP remained on the Ministerial team with a revised portfolio as Minister for Sport, Tourism, Heritage and Civil Society (previously Minister for Sport, Tourism and Heritage).
- The Rt Hon John Whittingdale OBE MP (Minister of State for Media and Data) left the department on 16 September 2021.

### *Changes to Board Members*

On the 15 April 2021, Claudia Arney joined DCMS as the lead Non-Executive board member and Priya Lakhani joined DCMS as a Non-Executive board member.

On the 17 April 2021, Charles Alexander left the Department as the lead Non-Executive board member.

Further details of the departmental board can be found in the Corporate governance report.

### *COVID-19 impact*

Following the announcement on 5 July 2020 of the £1.57bn financial support package targeted at the arts, culture and heritage sectors (the Cultural Recovery Fund), a third and final phase of the scheme was announced in June 2021, totalling around £400m of grant funding. This funding is targeted at mitigating the impact of the COVID-19 pandemic, in particular to support these sectors moving towards reopening at full capacity. As per the previous rounds, decisions on the distribution of awards will be made by ALBs working alongside expert independent figures from the sector, with access to these emergency grants being made through application. This includes access to a financial support package for eligible Arm's Length Bodies.

### *Events Insurance Scheme*

On 5 August 2021 the Chancellor announced a world leading government backed insurance scheme to help events plan with confidence over the next year. The scheme will support live events across the country - such as live music shows, music festivals, sporting and business events that are at risk of being halted or delayed due to an inability to obtain the necessary insurance. Cover will be available to purchase alongside standard commercial events insurance for an additional premium. We are not in a position to quantify the accounting impacts of this for the 2021-22 accounting period because this is dependent on the level of uptake of the scheme. A contingent liability will be reflected in the 2021-22 accounts in line with the Written Ministerial Statement [here](#).

### *BBC licence fee settlement*

The Government will soon announce the Licence Fee Settlement that will determine the level of the Licence Fee for the next 6 years, and will set out further detail on this when the settlement is announced.

### *National Gallery*

On 1 April 2021, the National Gallery was gifted 800,100 ordinary shares in the National Gallery Company Limited by the National Gallery Trust, giving the Gallery 100% ownership of the company.

### *Horserace Betting Levy Board (HBLB)*

On 1 July 2021, HBLB received a loan of £21.5m under the Government's Sport Survival Package.

### *National Citizen Service Trust (NCS)*

The residential element of the Summer 2021 NCS programme was officially cancelled on the 21 May 2021, at which point NCS had paid out £0.9m worth of deposits to 36 accommodation venues. The deposits were non-refundable as notice of the cancellation was given after 30 April 2021. Accommodation deposits paid before the year end (£0.4m) have been treated as prepayments in these accounts. These payments including those made after year-end are deemed constructive losses and as such will be disclosed in the 2021-22 accounts.

### **Date accounts authorised for issue**

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts. The accounts do not reflect events after this date.

## **27. Third-party assets**

The core department does not hold third party assets.

The group holds, as custodian or trustee, certain assets belonging to third parties. These are not recognised in the accounts, since the group does not have a direct beneficial interest in them.

As at 31 March 2021 the National Lottery Community Fund (NLCF) held assets of £14.0m (31 March 2020: £10.3m), these assets represent third party bank balances for whom NLCF manage grant programmes.

As at 31 March 2021, the Natural History Museum (NHM) held assets of £1.9m (31 March 2020: £0.1m). These funds arise where NHM acts as a lead manager on grants, receiving funds from the grantor and distributing them to participants over the life of the funded projects.

## 28. List of bodies within the group

The entities within the group during 2020-21 listed below, comprised the core department, and those bodies included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) (No.2) Order 2020.

There were no changes to the Group Designation Order for 2020-21.

| Body name   | Legal status                              | Website  |
|---|---|--|
| <b>Heritage</b>   |   |  |
| The Historic Buildings and Monuments Commission for England (Historic England) *                | Statutory Body                            | <a href="http://www.historicengland.org.uk">www.historicengland.org.uk</a>       |
| National Heritage Memorial Fund (NHMF) <sup>42</sup> * <sup>s</sup>                             | Statutory Body                            | <a href="http://www.nhmf.org.uk">www.nhmf.org.uk</a>                             |
| Churches Conservation Trust   | Statutory Body and Registered Charity     | <a href="http://www.visitchurches.org.uk">www.visitchurches.org.uk</a>           |
| <b>Regulators</b>   |   |  |
| Office of Communications (Ofcom)  | Statutory Body                            | <a href="http://www.ofcom.org.uk">www.ofcom.org.uk</a>                           |
| Information Commissioner's Office *   | Statutory Body                            | <a href="http://www.ico.org.uk">www.ico.org.uk</a>                               |
| <b>Media/Creative Industries</b>  |   |  |
| British Broadcasting Corporation (BBC) <sup>43</sup>  | Royal Charter Body                        | <a href="http://www.bbc.co.uk">www.bbc.co.uk</a>                                 |
| S4C (Sianel Pedwar Cymru) <sup>44</sup>   | Statutory Body                            | <a href="http://www.s4c.cymru">www.s4c.cymru</a>                                 |
| British Film Institute * <sup>s</sup>   | Royal Charter Body and Registered Charity | <a href="http://www.bfi.org.uk">www.bfi.org.uk</a>                               |
| <b>Museums and Galleries</b>  |   |  |
| British Museum *  | Statutory Body and Exempt Charity         | <a href="http://www.britishmuseum.org">www.britishmuseum.org</a>                 |
| Geffrye Museum (Museum of the Home)*  | Limited Company and Registered Charity    | <a href="http://www.museumofthehome.org.uk">www.museumofthehome.org.uk</a>       |
| Horniman Public Museum and Public Park Trust *  | Limited Company and Registered Charity    | <a href="http://www.horniman.ac.uk">www.horniman.ac.uk</a>                       |
| Imperial War Museum *   | Statutory Body and Exempt Charity         | <a href="http://www.iwm.org.uk">www.iwm.org.uk</a>                               |
| National Gallery *  | Statutory Body and Exempt Charity         | <a href="http://www.nationalgallery.org.uk">www.nationalgallery.org.uk</a>       |
| National Museums Liverpool *  | Statutory Body and Exempt Charity         | <a href="http://www.liverpoolmuseums.org.uk">www.liverpoolmuseums.org.uk</a>     |
| National Portrait Gallery *   | Statutory Body and Exempt Charity         | <a href="http://www.npg.org.uk">www.npg.org.uk</a>                               |
| Royal Armouries Museum *  | Statutory Body and Exempt Charity         | <a href="http://www.royalarmouries.org">www.royalarmouries.org</a>               |
| National Maritime Museum (Royal Museums Greenwich) *  | Statutory Body and Exempt Charity         | <a href="http://www.rmg.co.uk">www.rmg.co.uk</a>                                 |
| Science Museum Group *  | Statutory Body and Exempt Charity         | <a href="http://www.sciencemuseum.org.uk">www.sciencemuseum.org.uk</a>           |
| Sir John Soane's Museum *   | Registered Charity                        | <a href="http://www.soane.org">www.soane.org</a>                                 |
| Tate Gallery (Tate) *   | Statutory Body and Exempt Charity         | <a href="http://www.tate.org.uk">www.tate.org.uk</a>                             |
| Victoria and Albert Museum *  | Statutory Body and Exempt Charity         | <a href="http://www.vam.ac.uk">www.vam.ac.uk</a>                                 |
| Wallace Collection *  | Statutory Body and Exempt Charity         | <a href="http://www.wallacecollection.org">www.wallacecollection.org</a>         |
| Natural History Museum *  | Statutory Body and Exempt Charity         | <a href="http://www.nhm.ac.uk">www.nhm.ac.uk</a>                                 |
| <b>Sport</b>  |   |  |
| UK Anti-Doping <sup>45</sup> *  | Limited Company                           | <a href="http://www.ukad.org.uk">www.ukad.org.uk</a>                             |
| Birmingham Organising Committee for the 2022 Commonwealth Games (Birmingham 2022) <sup>46</sup> | Limited Company                           | <a href="http://www.birmingham2022.com">www.birmingham2022.com</a>               |
| The English Sports Council (Sport England) * <sup>s</sup>                                       | Royal Charter Body                        | <a href="http://www.sportengland.org">www.sportengland.org</a>                   |
| The United Kingdom Sports Council (UK Sport) * <sup>s</sup>                                     | Royal Charter Body                        | <a href="http://www.uksport.gov.uk">www.uksport.gov.uk</a>                       |
| Sports Grounds Safety Authority *   | Statutory Body                            | <a href="http://www.sgsa.org.uk">www.sgsa.org.uk</a>                             |
| <b>Tourism</b>  |   |  |
| British Tourist Authority (operating as VisitBritain * and VisitEngland *)                      | Statutory Body                            | <a href="http://www.visitbritain.org">www.visitbritain.org</a>                   |
| <b>Gambling</b>   |   |  |
| Gambling Commission *   | Statutory Body                            | <a href="http://www.gamblingcommission.gov.uk">www.gamblingcommission.gov.uk</a> |
| Horseshoe Betting Levy Board *  | Statutory Body                            | <a href="http://www.hblb.org.uk">www.hblb.org.uk</a>                             |

42 NHMF carries out its lottery distribution activities as the National Lottery Heritage Fund.

43 The BBC is governed by Royal Charter and an associated Framework Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. The definition of the BBC as consolidated in these accounts is provided in note 1.3 (Basis of Consolidation).

44 S4C is a statutory corporation, and the Welsh Fourth Channel Authority (Awdurdod Sianel Pedwar Cymru) is responsible for S4C's strategic policy and for ensuring the fulfilment of its statutory functions.

45 United Kingdom Anti-Doping Limited and Birmingham 2022 are companies limited by guarantee of which the Secretary of State for Digital, Culture, Media and Sport is the sole member.

46 Festival 2022 Limited was incorporated in 2020-21 as a 100% owned subsidiary of Birmingham 2022; figures are consolidated in these accounts.



| Body name  | Legal status                              | Website  |
|--|---|--|
| <b>Arts and Libraries</b>  |   |  |
| Arts Council England *\$   | Royal Charter Body and Registered Charity | <a href="http://www.artscouncil.org.uk">www.artscouncil.org.uk</a>   |
| British Library *  | Statutory Body and Exempt Charity         | <a href="http://www.bl.uk">www.bl.uk</a>   |
| <b>Civil Society</b>   |   |  |
| Big Lottery Fund (operating as National Lottery Community Fund)*                     | Statutory Body                            | <a href="http://www.tnlcommunityfund.org.uk">www.tnlcommunityfund.org.uk</a>   |
| National Citizen Service Trust   | Royal Charter Body                        | <a href="http://www.ncsyes.co.uk">www.ncsyes.co.uk</a>   |
| <b>Cultural Property</b>   |   |  |
| Reviewing Committee on the Export of Works of Art and Objects of Cultural Interest † | Committee funded by the department        | <a href="http://www.artscouncil.org.uk/collections/reviewing-committee">www.artscouncil.org.uk/collections/reviewing-committee</a>                     |
| Treasure Valuation Committee †   | Committee funded by the department        | <a href="http://www.gov.uk/government/organisations/treasure-valuation-committee">www.gov.uk/government/organisations/treasure-valuation-committee</a> |
| <b>Other</b>   |   |  |
| Phone-paid Services Authority  | Limited Company                           | <a href="http://www.psauthority.org.uk">www.psauthority.org.uk</a>   |

\* Executive NDPBs per Cabinet Office's **Public Bodies 2020 report**

† Advisory NDPBs per Cabinet Office's **Public Bodies 2020 report**

\$ These bodies also produce a lottery distribution account

Eight bodies (Churches Conservation Trust, Phone-paid Services Authority, Sports Grounds Safety Authority, Horniman Public Museum and Public Park Trust, Royal Armouries Museum, Sir John Soane's Museum, Wallace Collection and UK Anti-Doping) have not been consolidated in the 2020-21 or 2019-20 DCMS group accounts on a line-by-line basis on the grounds of materiality.

## 28.1 Bodies excluded from the boundary

The public sector bodies that are outside the departmental accounting boundary, and for which the Department had lead policy responsibility during the year, are listed below together with their status.

### 28.1.1 Non-ministerial government departments

Non-Ministerial government departments are not consolidated within the group accounts.

- The Charity Commission for England and Wales. The Charity Commission's annual report and accounts can be found at <https://www.gov.uk/government/publications/charity-commission-annual-report-and-accounts-2020-to-2021>
- The National Archives. The National Archives annual report and accounts can be found at <https://www.gov.uk/government/publications/the-national-archives-annual-report-and-accounts-2020-to-2021>

### 28.1.2 Public Corporations sponsored by DCMS

Public corporations, as defined by the Office for National Statistics, are market bodies that derive more than 50% of their income from the sale of goods and services and they have substantial day to day operating independence:

- Channel Four Television Corporation\*
- Historic Royal Palaces\*
- The Royal Parks Limited\*

\*Since the Department has no financial asset in these public corporations, they are not recognised as financial investments in the group accounts.

In addition, a large number of bodies within the departmental accounting boundary have subsidiaries that are trading companies which are, or we expect would be, classified as public corporations.

### 28.1.3 National Lottery Distribution Fund

The Department is responsible for the operation of a lottery fund which is separately accounted for and is not consolidated in these accounts. The accounts can be found [here](#).

# ANNEXES

## Annex A – Core tables

These Tables present actual expenditure by the Department for the years 2016-17 to 2020-21 and planned expenditure for the year 2021-22 (derived from the DCMS Main Estimate). The data relates to the department's expenditure on an Estimate and budgeting basis.

The format of the tables is determined by HM Treasury, and the disclosure in Tables 1 and 2 follow that of the Supply Estimate functions.

All years have been restated for the effect of Machinery of Government changes and the change in budgetary treatment of research and development (from resource to capital).

**Table 1 Public spending** – summarises expenditure on functions administered by the department. Consumption of resources includes Departmental Expenditure Limits (DEL) for administration, programme and capital costs, and Annually Managed Expenditure (AME) both Voted and Non-Voted expenditure. The figures are derived from the OSCAR database and the mappings replicate the lines in SOPS note 1.

**Table 2 Administration budgets** – provides a more detailed analysis of the administration costs of the department. It retains the high level functional analysis used in Table 1. The figures are derived from the OSCAR database and the mappings replicate the lines in SOPS note 1.

**Table 1 – Public spending**

| Resource DEL (£'000s)  | 2016-17          | 2017-18          | 2018-19          | 2019-20          | 2020-21          | 2021-22          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Outturn          | Outturn          | Outturn          | Outturn          | Outturn          | Plans            |
| Support for the Museums and Galleries sector                         | 16,198           | 24,745           | 28,678           | 25,719           | 24,342           | 19,669           |
| Museums and Galleries sponsored ALBs (net) <sup>47</sup>             | 362,966          | 363,201          | 362,569          | 369,006          | 429,655          | 412,546          |
| Libraries sponsored ALBs (net)                                       | 115,172          | 117,386          | 106,827          | 117,105          | 111,097          | 120,748          |
| Support for the Arts sector <sup>48</sup>                            | (76,979)         | (77,566)         | (77,197)         | (79,289)         | (31,072)         | 41,588           |
| Arts and culture ALBs (net) <sup>49</sup>                            | 442,231          | 432,551          | 452,905          | 465,976          | 1,180,937        | 465,473          |
| Support for the Sports sector  | 7,585            | 11,520           | 7,087            | 5,061            | 16,090           | 111,523          |
| Sport sponsored ALBs (net) <sup>50</sup>                             | 128,683          | 146,677          | 140,174          | 142,204          | 303,568          | 128,635          |
| Ceremonial and support for the Heritage sector <sup>51</sup>         | 48,451           | 67,739           | 55,178           | 50,936           | 43,260           | 37,359           |
| Heritage sponsored ALBs (net) <sup>52</sup>                          | 99,814           | 76,762           | 75,789           | 72,039           | 203,061          | 86,958           |
| The Royal Parks <sup>53</sup>  | 6,022            | -                | -                | -                | -                | -                |
| Tourism sponsored ALBs (net) <sup>54</sup>                           | 57,095           | 59,835           | 68,320           | 51,654           | 37,725           | 41,019           |
| Support for the Digital, Broadcasting and Media sector <sup>55</sup> | 29,154           | 41,924           | 61,628           | 75,560           | 83,691           | 100,547          |
| Broadcasting and Media sponsored ALBs (net) <sup>56</sup>            | 82,204           | 65,330           | 30,064           | 66,244           | 99,158           | 61,604           |
| Administration and Research <sup>57</sup>                            | 57,898           | 64,333           | 86,438           | 100,733          | 114,206          | 196,660          |
| Support for Horseracing and the Gambling sector <sup>58</sup>        | (2,539)          | (3,714)          | (6,721)          | (16,161)         | (17,851)         | (17,355)         |
| Gambling Commission (net) <sup>58</sup>                              | 1,197            | 3,222            | 8,490            | 17,598           | 19,280           | 19,036           |
| Olympics - legacy programmes <sup>59</sup>                           | (30,408)         | (26)             | -                | -                | -                | -                |
| Office for Civil Society <sup>60</sup>                               | 255,511          | 224,460          | 176,310          | 58,472           | 385,990          | 40,900           |
| National Citizen Service <sup>61</sup>                               | -                | -                | 64,771           | 151,723          | 72,258           | 61,249           |
| Birmingham 2022 <sup>62</sup>  | -                | -                | 17,183           | 15,434           | 36,407           | 83,197           |
| Spectrum Management Receipts <sup>63</sup>                           | (49,645)         | (33,299)         | -                | -                | -                | -                |
| <b>Total Resource DEL</b>  | <b>1,550,610</b> | <b>1,585,080</b> | <b>1,658,493</b> | <b>1,690,014</b> | <b>3,111,802</b> | <b>2,011,356</b> |

- 47 Museums and Galleries sponsored ALBs shows an increase in expenditure in 2020-21 due to additional funding provided to support Museums and Galleries impacted by the COVID-19 pandemic.
- 48 Support for the Arts Sector. The income relates to contributions from the Department for Education towards the cost of Music Hubs and other programmes managed by Arts Council England. The increase in 2020-21 and 2021-22 relates to additional funding to support the Arts sector and ALBs impacted by the COVID-19 pandemic.
- 49 Arts and culture ALBs shows an increase in expenditure in 2020-21 due to the Cultural Recovery Fund announced in response to the COVID-19 pandemic.
- 50 Sport sponsored ALBs shows an increase in expenditure in 2020-21 due to Sports sector and Leisure Centre recovery programmes announced in response to the COVID-19 pandemic.
- 51 Ceremonial and Support for the Heritage sector included funding for World War One commemorations in 2016-17 through to 2017-18. The Listed Places of Worship budget for 2021-22 will be provided for at the Supplementary Estimate 2021-22.
- 52 Heritage sponsored ALBs shows an increase in expenditure in 2020-21 due to the Cultural Recovery Fund announced in response to the COVID-19 pandemic.
- 53 On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result The Royal Parks Agency has no planned expenditure after 2016-17.
- 54 Tourism sponsored ALBs line shows a drop in expenditure in 2019-20 which reflects the end of the current Discover England funding stream. The decrease in 2020-21 relates to the British Tourist Authority withdrawing or cancelling planned marketing activity during the COVID-19 pandemic in line with government guidelines on international travel restrictions. GREAT funding for 2021-22 will be provided for at the Supplementary Estimate 2021-22.
- 55 On 1 April 2018, the Data Policy and Governance functions of the Government Digital Service (GDS) were transferred from the Cabinet Office to the DCMS. The Core Tables have been restated (2016-17 to 2017-18) as required by HM Treasury, however the financial accounts were not restated as the impact was considered immaterial. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK.
- 56 Broadcasting and Media sponsored ALBs line shows a drop in expenditure in 2017-18 due to Ofcom becoming self-funding from October 2017 and therefore not needing Exchequer funding from this point. The increase in 2019-20 relates to the Contestable Fund and S4C payment of VAT. The increase in 2020-21 relates to the additional funding for British Film Institute as part of the Cultural Sector Support package announced in response to the COVID-19 pandemic.
- 57 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the Department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.
- 58 Support for the Horse Racing and Gambling Sector, and the Gambling Commission. The National Lottery Commission and the subsequent income it receives is recorded on a year by year basis.
- 59 Olympics legacy relates to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority (GLA) and Olympic Lottery Distribution Fund (OLDF), most of which concluded by 2016-17.
- 60 On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture Media and Sport via a Machinery of Government transfer. The increase in 2020-21 reflects funding relating to Civil and Youth Initiatives announced in response to the COVID-19 pandemic.
- 61 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society. The large increase in funding from 2018-19 to 2019-20 reflects the full year budget for 2019-20 in comparison to the funding from 1 December 2018 for 2018-19. The reduction in 2020-21 relates to programme underspends and lower than budgeted 2021 programme prepayments.
- 62 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. The increase from 2020-21 reflects the step up in activity relating to the 2022 Commonwealth Games.
- 63 Spectrum Management receipts, which partially offset Broadcasting Administration expenditure, are treated as income by Ofcom from 2018-19.

| Resource DEL (£'000s)  | 2016-17          | 2017-18          | 2018-19          | 2019-20          | 2020-21          | 2021-22          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Outturn          | Outturn          | Outturn          | Outturn          | Outturn          | Plans            |
| <b>Total Resource DEL</b><br>(brought forward from previous page)      | <b>1,550,610</b> | <b>1,585,080</b> | <b>1,658,493</b> | <b>1,690,014</b> | <b>3,111,802</b> | <b>2,011,356</b> |
| <b>Of which:</b>   |                  |                  |                  |                  |                  |                  |
| Staff costs <sup>64</sup>  | 564,505          | 581,505          | 650,729          | 718,014          | 778,852          | [ ]              |
| Purchase of goods and services <sup>64</sup>                           | 600,059          | 613,920          | 736,859          | 802,264          | 588,088          | [ ]              |
| Income from sales of goods and services                                | (57,591)         | (58,480)         | (64,368)         | (67,518)         | (43,493)         | (104,186)        |
| Current grants to local government (net)                               | 69,566           | 44,881           | 17,237           | 65,150           | 197,455          | -                |
| Current grants to persons and non-profit (net)                         | 758,716          | 790,068          | 782,659          | 640,431          | 1,912,362        | 695,051          |
| Current grants abroad (net)  | (3,787)          | (785)            | (22)             | (1,092)          | (932)            | -                |
| Subsidies to public corporations                                       | 30,227           | 14,443           | 13,568           | 13,296           | 21,178           | -                |
| Net public service pensions  | -                | -                | 8,970            | 6,658            | 9,286            | -                |
| Rentals  | 19,699           | 23,832           | 26,225           | 4,076            | 1,505            | -                |
| Depreciation <sup>65</sup>   | 143,221          | 149,256          | 134,988          | 155,075          | 212,611          | 200,129          |
| Take up of provisions  | -                | -                | 1                | -                | 19               | 89,300           |
| Change in pension scheme liabilities <sup>66</sup>                     | 158              | -                | -                | -                | -                | -                |
| Unwinding of discount rate on pension scheme liabilities <sup>66</sup> | 813              | 843              | 915              | 1,445            | 1,144            | -                |
| Other resource   | (574,976)        | (574,403)        | (649,268)        | (647,785)        | (566,273)        | -                |

64 Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

65 Depreciation includes impairments.

66 Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

| Resource AME (£'000s)  | 2016-17          | 2017-18          | 2018-19          | 2019-20          | 2020-21          | 2021-22          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Outturn          | Outturn          | Outturn          | Outturn          | Outturn          | Plans            |
| British Broadcasting Corporation (net) <sup>67</sup>                   | 3,117,377        | 3,028,455        | 3,348,171        | 3,987,714        | 3,589,746        | 4,189,743        |
| Provisions, Impairments and other AME spend <sup>68</sup>              | 14,024           | 43,569           | 314,679          | 211,575          | 51,329           | 94,093           |
| Levy bodies <sup>69</sup>  | 7,490            | (20,942)         | 3,518            | (14,901)         | 14,165           | 2                |
| Lottery Grants <sup>70</sup>   | 1,294,717        | 1,214,041        | 1,072,400        | 1,110,895        | 1,097,707        | 1,545,699        |
| <b>Total Resource AME</b>  | <b>4,433,608</b> | <b>4,265,123</b> | <b>4,738,768</b> | <b>5,295,283</b> | <b>4,752,947</b> | <b>5,829,537</b> |
| <b>Of which:</b>   |                  |                  |                  |                  |                  |                  |
| Staff costs <sup>71</sup>  | 1,170,477        | 1,055,940        | 1,117,884        | 1,190,180        | 1,405,618        | -                |
| Purchase of goods and services <sup>71</sup>                           | 2,412,420        | 2,478,429        | 2,617,994        | 2,498,997        | 1,879,611        | 4,276,338        |
| Income from sales of goods and services                                | -                | -                | (152,656)        | (137,000)        | (106,000)        | -                |
| Current grants to local government (net)                               | 21,787           | 25,345           | 48,097           | 27,310           | 53,437           | -                |
| Current grants to persons and non-profit (net)                         | 1,260,754        | 1,177,008        | 904,161          | 984,298          | 1,258,883        | 1,520,699        |
| Subsidies to public corporations                                       | -                | 1,795            | 2,477            | 6,150            | 5,799            | -                |
| Net public service pensions  | -                | -                | (8,970)          | -                | (9,286)          | -                |
| Rentals  | 34,284           | 38,377           | 8,517            | (60,040)         | (72,475)         | -                |
| Depreciation   | 221,081          | 273,033          | 244,112          | 913,712          | 391,296          | 32,500           |
| Take up of provisions  | 44,783           | 100,436          | 418,464          | 136,034          | 138,745          | -                |
| Release of provision   | -                | -                | -                | (2,961)          | -                | -                |
| Change in pension scheme liabilities <sup>72</sup>                     | 195,426          | 246,549          | 241,473          | 244,200          | 204,610          | -                |
| Unwinding of discount rate on pension scheme liabilities <sup>72</sup> | 47,882           | 39,540           | 22,636           | 22,286           | 4,513            | -                |
| Release of provisions covering pension benefits <sup>72</sup>          | -                | -                | -                | (6,658)          | -                | -                |
| Other resource   | (975,286)        | (1,171,329)      | (725,421)        | (521,225)        | (401,804)        | -                |
| <b>Total Resource Budget<sup>73</sup></b>                              | <b>5,984,218</b> | <b>5,850,203</b> | <b>6,397,261</b> | <b>6,985,297</b> | <b>7,864,749</b> | <b>7,840,893</b> |
| <b>Of which:</b>   |                  |                  |                  |                  |                  |                  |
| Depreciation <sup>74</sup>   | 364,302          | 422,289          | 379,100          | 1,068,787        | 603,907          | 232,629          |

67 BBC Commercial Holdings and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18.

68 The increase from 2017-18 to 2018-19 relates to Ofcom provision for litigation costs. The 2019-20 figures contain the impact of lease impairments on the initial adoption of IFRS 16.

69 Levy Expenditure is only recorded at year end via the annual accounts, hence no forward plans data.

70 The group accounts exclude the Devolved Administrations.

71 2021-22 plans are not split by expense type and have been mostly allocated to purchase of goods and services.

72 Pension schemes report under IAS 19 Employee Benefits accounting requirements. These figures, therefore, include cash payments made and contributions received, as well as certain non-cash items.

73 Total Resource Budget is the sum of the Resource DEL budget and the Resource AME budget, including depreciation

74 Depreciation includes impairments.

| Capital DEL (£'000s)   | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        | 2021-22          |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
|  | Outturn        | Outturn        | Outturn        | Outturn        | Outturn        | Plans            |
| Support for the Museums and Galleries sector                         | 3,118          | 145            | 4,477          | 1,800          | (3)            | -                |
| Museums and Galleries sponsored ALBs (net) <sup>75</sup>             | 65,867         | 62,061         | 47,297         | 230,985        | 73,039         | 105,684          |
| Libraries sponsored ALBs (net)                                       | 8,050          | 2,126          | 4,900          | 3,281          | 6,815          | 11,797           |
| Support for the Arts sector <sup>76</sup>                            | 314            | 323            | 3,657          | 4,498          | 255,658        | 9,327            |
| Arts and culture ALBs (net) <sup>77</sup>                            | 49,316         | 61,507         | 34,398         | 26,625         | 68,098         | 70,730           |
| Support for the Sports sector <sup>78</sup>                          | -              | -              | 1,600          | (13)           | 117,955        | 175,500          |
| Sport sponsored ALBs (net)   | 37,131         | 38,800         | 46,747         | 46,034         | 40,385         | 39,729           |
| Ceremonial and support for the Heritage sector                       | 5,056          | 1,291          | 510            | 2,055          | 1,637          | -                |
| Heritage sponsored ALBs (net) <sup>79</sup>                          | 25,401         | 23,675         | 23,361         | 38,801         | 177,027        | 103,595          |
| The Royal Parks <sup>80</sup>  | 5,201          | -              | -              | -              | -              | -                |
| Tourism sponsored ALBs (net)   | 1,184          | 1,208          | 693            | 365            | 2,179          | 4,632            |
| Support for the Digital, Broadcasting and Media sector <sup>81</sup> | 51,779         | 66,326         | 114,107        | 121,006        | 158,060        | 373,244          |
| Broadcasting and Media sponsored ALBs (net) <sup>82</sup>            | 30,522         | 91,491         | 82,317         | 75,890         | 29,567         | 17,017           |
| Administration and Research <sup>83</sup>                            | 1,424          | 2,409          | 5,080          | 901            | 8,460          | 77,195           |
| Gambling Commission (net)  | 724            | 947            | 423            | 783            | 258            | -                |
| Olympics - legacy programmes <sup>84</sup>                           | (6,435)        | -              | -              | -              | -              | -                |
| Office for Civil Society <sup>85</sup>                               | (3,705)        | (1,674)        | (3,470)        | 1,487          | (3,263)        | 30,000           |
| National Citizen Service <sup>86</sup>                               | -              | -              | 23             | 9              | (12)           | -                |
| Birmingham 2022 <sup>87</sup>  | -              | -              | 45             | (3,812)        | 43             | -                |
| <b>Total Capital DEL</b>   | <b>274,947</b> | <b>350,635</b> | <b>366,165</b> | <b>550,695</b> | <b>935,903</b> | <b>1,018,450</b> |

75 Museums and Galleries Sponsored ALBs were allocated additional Capital funding for 2016-17 in the Spending Review 2015, with reserves access granted to them as part of the new Museums Freedoms programme. The Museums Freedoms Reserves can only be accessed at the Supplementary Estimate stage and so are not yet incorporated in funding data for 2021-22. The higher outturn in 2019-20 is due to the initial recognition of lease assets under IFRS16. The increase in 2021-22 relates to additional funding for the Public Bodies Infrastructure Fund.

76 Support for the Arts sector increased expenditure in 2020-21 relates to the Cultural Sectors Support Package announced in response to the COVID-19 pandemic.

77 Arts and culture ALBs includes funding in 2016-17, 2017-18 and 2018-19 for the Factory Manchester as part of the Northern Powerhouse. At the Spring Budget 2020, the government confirmed a £250 million Cultural Investment Fund for culture, heritage, local museums, and neighbourhood libraries. The increase in 2020-21 and 2021-22 relates to the Cultural Sectors Support Package announced in response to the COVID-19 pandemic, additional funding relating to Regional Cultural Infrastructure, and the Cultural Investment Fund.

78 Support for the Sports sector shows an increase in 2020-21 and 2021-22 due to Sports Sector loans packages announced in response to the COVID-19 pandemic.

79 Heritage sponsored ALBs shows an increase in 2020-21 and 2021-22 due to Cultural Sectors Support Package announced in response to the COVID-19 pandemic, transfer of funding to support grants distribution of the Green Recovery Fund and step up in planned activity for the High-Street Heritage Action Zones programme.

80 On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

81 Support for Broadcasting and Media sector relates to Broadband Delivery UK (BDUK) programmes. In the 2020 Budget statement, the Government confirmed its commitment to invest a total of £5bn to roll out gigabit-capable broadband in the most difficult to reach areas of the UK. 2021-22 plans are higher than prior years due to programmes stepping up to full delivery and funding reprofiled from previous years.

82 Broadcasting and Media sponsored ALBs. In the 2015 Spending Review it was announced the government would invest up to £550m during this Spending Review period to make the 700 MHz spectrum band available for mobile broadband use. The increase from 2016-17 represents increased funding for clearance and auction of the band, with the project to be completed in August 2021.

83 2021-22 plans are higher than previous years due to funding provided for IFRS 16 treatment of leases.

84 Olympics legacy programmes relate to the staging of the Olympic and Paralympic games 2012. This includes income from the sale of the Olympic Village, residual costs and final settlements with the Greater London Authority and Olympic Lottery Distribution Fund.

85 On 15 July 2016 the Office for Civil Society moved from the Cabinet Office to the Department for Digital, Culture, Media and Sport via a Machinery of Government transfer. Any future year's expenditure will be reflected at the Supplementary Estimate.

86 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society.

87 On 1 February 2019, the Birmingham Organising Committee for the 2022 Commonwealth Games Ltd was set up as an Arm's Length Body. Negative outturn in 2019-20 is driven by timing differences between matching capital additions to grant income, and the implementation of IFRS 16 leases.



| Capital DEL (£'000s)   | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        | 2021-22          |
|--|----------------|----------------|----------------|----------------|----------------|------------------|
|  | Outturn        | Outturn        | Outturn        | Outturn        | Outturn        | Plans            |
| <b>Total Capital DEL</b><br>(brought forward from previous page) | <b>274,947</b> | <b>350,635</b> | <b>366,165</b> | <b>550,695</b> | <b>935,903</b> | <b>1,018,450</b> |
| <b>Of which:</b>   |                |                |                |                |                |                  |
| Staff costs  | -              | 8,004          | 8,973          | 8,676          | 8,289          | -                |
| Purchase of goods and services                                   | 14,521         | 6,250          | 6,280          | 5,400          | 5,451          | -                |
| Income from sales of goods and services                          | -              | (9,982)        | (9,102)        | (9,075)        | (7,396)        | -                |
| Current grants to persons & non-profit (net)                     | -              | 7,309          | 7,290          | 7,336          | 6,439          | -                |
| Subsidies to public corporations                                 | -              | 3,748          | 2,966          | 2,951          | -              | -                |
| Subsidies to private sector companies                            | -              | -              | -              | -              | 2,023          | -                |
| Capital support for local government (net)                       | 82,509         | 93,785         | 78,233         | 77,678         | 161,673        | 35,400           |
| Capital grants to persons & non-profit (net)                     | (76,394)       | 71,701         | 57,043         | 47,697         | 107,823        | 113,100          |
| Capital grants to private sector companies (net)                 | (247)          | 18,713         | 63,123         | 65,415         | 40,062         | 287,994          |
| Capital grants abroad (net)                                      | -              | -              | -              | -              | (62)           | -                |
| Capital support for public corporations                          | -              | (1,400)        | -              | 2,909          | 17,684         | 52,300           |
| Purchase of assets   | 276,438        | 160,704        | 153,731        | 337,159        | 266,314        | 368,656          |
| Income from sales of assets                                      | (3,322)        | (7,020)        | (6,088)        | (5,327)        | (29,440)       | -                |
| Net lending to the private sector and abroad                     | 8,186          | 3,715          | 6,169          | 16,760         | 367,409        | 161,000          |
| Other capital  | (26,744)       | (4,892)        | (2,453)        | (6,884)        | (10,366)       | -                |

| Capital AME (£'000s)                                 | 2016-17          | 2017-18          | 2018-19          | 2019-20          | 2020-21          | 2021-22          |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | Outturn          | Outturn          | Outturn          | Outturn          | Outturn          | Plans            |
| British Broadcasting Corporation (net) <sup>88</sup> | 143,691          | 158,060          | 95,496           | 941,101          | 48,633           | 229,455          |
| Channel Four Television <sup>89</sup>                | -                | -                | -                | 76,734           | 8,751            | 125,000          |
| Levy bodies <sup>90</sup>                            | (2,737)          | (1,924)          | (1,640)          | (314)            | 317              | -                |
| Lottery Grants <sup>91</sup>                         | 503,897          | 448,775          | 358,918          | 308,721          | 220,060          | 269,285          |
| <b>Total Capital AME</b>                             | <b>644,851</b>   | <b>604,911</b>   | <b>452,774</b>   | <b>1,326,242</b> | <b>277,761</b>   | <b>623,740</b>   |
| <b>Of which:</b>                                     |                  |                  |                  |                  |                  |                  |
| Staff costs  | -                | 12,565           | 13,065           | 13,338           | 13,561           | -                |
| Purchase of goods and services                       | 14,000           | 6,904            | 4,129            | 3,535            | 2,259            | -                |
| Income from sales of goods and services              | -                | (2,114)          | (2,344)          | (2,004)          | (2,358)          | -                |
| Capital support for local government (net)           | 149,469          | 133,006          | 96,321           | 75,477           | 74,396           | -                |
| Capital grants to persons & non-profit (net)         | 280,753          | 270,423          | 222,998          | 181,414          | 109,988          | 269,285          |
| Capital grants to private sector companies (net)     | -                | 3,505            | 35               | -                | -                | -                |
| Capital support for public corporations              | -                | (20,151)         | (50,717)         | 165,369          | (42,267)         | 125,000          |
| Purchase of assets                                   | 126,206          | 119,473          | 169,004          | 844,631          | 88,269           | 229,455          |
| Income from sales of assets                          | (8,067)          | (6,818)          | (35,749)         | (3,191)          | (1,143)          | -                |
| Net lending to the private sector and abroad         | 33,471           | 65,874           | 18,775           | 18,234           | 18,068           | -                |
| Other capital  | 49,019           | 22,244           | 17,257           | 29,439           | 16,988           | -                |
|  |                  |                  |                  |                  |                  |                  |
| <b>Total Capital Budget<sup>92</sup></b>             | <b>919,798</b>   | <b>955,546</b>   | <b>818,939</b>   | <b>1,876,937</b> | <b>1,213,664</b> | <b>1,642,190</b> |
|  |                  |                  |                  |                  |                  |                  |
| <b>Total Departmental Spending<sup>93</sup></b>      | <b>6,539,714</b> | <b>6,383,460</b> | <b>6,837,100</b> | <b>7,793,447</b> | <b>8,474,506</b> | <b>9,250,454</b> |
| <b>Of which:</b>                                     |                  |                  |                  |                  |                  |                  |
| Total DEL <sup>94</sup>                              | 1,682,336        | 1,786,459        | 1,889,670        | 2,085,634        | 3,835,094        | 2,829,677        |
| Total AME <sup>95</sup>                              | 4,857,378        | 4,597,001        | 4,947,430        | 5,707,813        | 4,639,412        | 6,420,777        |

88 BBC Capital expenditure is net of property disposals. BBC Commercial Holdings and its holding companies have been consolidated in these accounts, reflected in the outturn from 2017-18. There was a one-off impact in 2019-20 relating to asset recognition on the adoption of IFRS 16. The planned increase in 2021-22 represents budget cover only for the potential full utilisation of the BBC's borrowing limit. It does not represent an indication for planned usage.

89 This AME represents cover for commercial borrowings. This facility was not required prior to 2019-20.

90 Levy Expenditure is only recorded at year end via the annual accounts, so there is no forward plans data.

91 The group accounts excludes the Devolved Administrations. The funding profile is agreed on a year by year basis. Plans data will be refined at the 2021-22 Supplementary Estimate.

92 Total Capital Budget is the sum of the Capital DEL budget and the Capital AME budget.

93 Total Departmental Spending is the sum of the resource budget and the capital budget less depreciation.

94 Total DEL is the sum of the resource budget DEL and capital budget DEL less depreciation in DEL.

95 Total AME is the sum of the resource budget AME and the capital budget AME less depreciation in AME.

**Table 2 – Administration budgets**

| Resource DEL £'000s                                       | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        | 2021-22        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | Outturn        | Outturn        | Outturn        | Outturn        | Outturn        | Plans          |
| Libraries sponsored ALBs (net)                            | 6,754          | 7,928          | 8,818          | 8,341          | 7,998          | 8,929          |
| Support for the Arts sector                               | (680)          | (310)          | 82             | 90             | 88             | 142            |
| Arts and culture ALBs (net)                               | 15,634         | 14,255         | 17,789         | 17,849         | 19,876         | 19,796         |
| Sport sponsored ALBs (net)                                | 11,134         | 12,788         | 13,087         | 13,467         | 19,281         | 15,936         |
| Birmingham 2022 <sup>96</sup>                             | -              | -              | -              | -              | -              | 6,299          |
| Ceremonial and support for the Heritage sector            | 516            | 550            | 694            | 597            | 601            | 255            |
| Heritage sponsored ALBs (net) <sup>97</sup>               | 16,037         | 16,378         | 13,954         | 15,021         | 4,717          | 23,412         |
| The Royal Parks <sup>98</sup>                             | 3,589          | -              | -              | -              | -              | -              |
| Tourism sponsored ALBs (net)                              | 29,375         | 31,077         | 33,917         | 30,819         | 26,371         | 30,816         |
| Support for the Digital, Broadcasting and Media sector    | 118            | 4,105          | 6,588          | 5,917          | 7,082          | 1              |
| Broadcasting and Media sponsored ALBs (net) <sup>99</sup> | 54,389         | 40,160         | 9,689          | 13,948         | 12,904         | 18,864         |
| Administration and Research <sup>100</sup>                | 55,495         | 63,517         | 84,471         | 97,598         | 111,771        | 144,379        |
| National Citizen Service <sup>101</sup>                   | -              | -              | 16,254         | 11,605         | 9,354          | 449            |
| Spectrum Management Receipts <sup>102</sup>               | (49,645)       | (33,299)       | -              | -              | -              | -              |
| <b>Total Administration Budget</b>                        | <b>142,716</b> | <b>157,149</b> | <b>205,343</b> | <b>215,252</b> | <b>220,043</b> | <b>269,278</b> |
| <b>Of which:</b>  |                |                |                |                |                |                |
| Staff costs <sup>103</sup>                                | 129,583        | 128,737        | 141,814        | 164,962        | 189,699        | [ ]            |
| Purchase of goods and services <sup>103</sup>             | 101,145        | 98,753         | 102,932        | 85,372         | 77,321         | [ ]            |
| Income from sales of goods and services                   | (31,806)       | (31,158)       | (29,295)       | (24,731)       | (7,813)        | (655)          |
| Current grants to local government (net)                  | -              | (25)           | (68)           | (91)           | -              | -              |
| Current grants to persons and non-profit (net)            | 183            | 177            | 512            | 311            | 577            | -              |
| Net public service pensions                               | -              | -              | 2,975          | 799            | 3,095          | -              |
| Rentals   | 15,659         | 16,962         | 17,785         | 7,348          | 2,390          | -              |
| Depreciation  | 10,118         | 8,883          | 9,528          | 32,167         | 24,468         | 33,263         |
| Unwinding of discount rate on pension scheme liabilities  | 288            | 317            | 72             | 570            | 337            | -              |
| Other resource  | (82,454)       | (65,497)       | (40,912)       | (51,455)       | (70,031)       | -              |

96 Birmingham 2022 expenditure for the delivery unit is recorded on the Administration and Research line while the funding for 2021-22 is shown on this estimate line.

97 Heritage sponsored ALBs shows a planned expenditure increase in 2021-22 due to a one-off credit in 2020-21 relating to the liquidation of a National Heritage Memorial Fund financial asset.

98 On 15 March 2017 The Royal Parks Limited took over the role of managing the parks from The Royal Parks Agency. The charity manages the parks on behalf of the government, however it now receives less exchequer funding than it raises in commercial income, consequently it has been reclassified as outside of central government and removed from the DCMS Supply Estimate. As a result, The Royal Parks Agency has no planned expenditure after 2016-17.

99 Broadcasting and Media Sponsored ALBs shows a fall in spend from 2017-18 onwards because from this point Ofcom retained Spectrum Management Receipts as income.

100 The rise in Administration and Research expenditure since 2017-18 reflects the substantial growth of the Department since the 2015 spending review, particularly in the digital and data protection areas. There have also been administration funding uplifts relating to EU Exit and Festival 2022.

101 On 1 December 2018, The National Citizen Service Trust was set up as an Arm's Length Body, with expenditure for the National Citizen Service moving from the Office for Civil Society. The administration funding is agreed on an annual basis and will be refined at the Supplementary Estimate 2021-22.

102 Spectrum Management receipts, which directly offset Broadcasting Administration expenditure, have been shown as income in the Broadcasting and Media Sponsored ALBs line from 2017-18.

103 Figures for Plans for staff costs and purchase of goods and services are redacted to avoid publishing any assumptions about future price or pay movements.

# Annex B – Sustainability

## Greening Government for the Core Department

The core department’s sustainability report has been prepared in line with the requirements under the Greening Government Commitments. The three tables below demonstrate our continuing commitment to sustainable development. We plan to reduce our use of materials and energy, minimise waste and water use and increase sustainable procurement to minimise our carbon footprint.

**Table A – 2020-21 Performance against 2017-18 Baseline**

|                          | 2025 Government target | Position as at 31 March 2021 |
|--------------------------|------------------------|------------------------------|
| Greenhouse gas emissions | Reduce from Baseline   | 81% reduction                |
| Waste                    | Reduce from Baseline   | 90% reduction                |
| Water                    | 8% reduction           | 56% reduction                |
| Paper                    | 50% reduction          | 100% reduction               |
| Domestic flights         | 20% reduction          | 96% reduction                |

**Table B – 2020-21 Actuals to Target**

| Area                     |                                  | 2020-21 Performance |        |
|--------------------------|----------------------------------|---------------------|--------|
|                          |                                  | Target              | Actual |
| Greenhouse gas emissions | Consumption (tCO <sub>2</sub> e) | 581                 | 261    |
| Paper Purchased          | Reams A4 Equivalent              | 2,551               | -      |
| Domestic flights         | Number of Flights                | 118                 | 6      |

**Table C – Performance against 2017-18 Baseline**

|         | Estate Carbon (Reduction to baseline for 2017-18) | Domestic flights (Number of flights) | Waste (Reduction to baseline for 2017-18) | Water (Usage per FTE) | Paper usage (Number of A4 reams) |
|---------|---|--------------------------------------|---|-----------------------|----------------------------------|
| 2020-21 | 81%   | 6                                    | 90%                                       | 1.6m <sup>3</sup>     | -                                |

## Table D – Performance against 2009-10 Baseline in prior years

The non-financial performance of the core department over the last nine years against the 2009-10 baseline target is represented in the table below.

|         | Estate Carbon<br>(Reduction to<br>baseline for 2009-<br>10) | Domestic flights<br>(Number of flights) | Waste<br>(Reduction to<br>baseline for 2009-<br>10) | Water<br>(Usage per FTE) | Paper usage<br>(Number of A4<br>reams) |
|---------|---|---|---|--------------------------|--|
| 2019-20 | 10%   | 412                                     | 16%   | 3.8m <sup>3</sup>        | 4,240                                  |
| 2018-19 | 34%   | 428                                     | 19%   | 4.6m <sup>3</sup>        | 4,512                                  |
| 2017-18 | 60%   | 219                                     | 67%   | 3.1 m <sup>3</sup>       | 4,364                                  |
| 2016-17 | 64%   | 260                                     | 75%   | 5.1 m <sup>3</sup>       | 4,071                                  |
| 2015-16 | 54%   | 224                                     | 63%   | 5.7 m <sup>3</sup>       | 1,508                                  |
| 2014-15 | 57%   | 398                                     | 55%   | 4.0 m <sup>3</sup>       | 2,960                                  |
| 2013-14 | 64%   | 221                                     | 71%   | 5.0 m <sup>3</sup>       | 2,723                                  |
| 2012-13 | 33%   | 146                                     | 53%   | 9.0 m <sup>3</sup>       | 2,493                                  |
| 2011-12 | 29%   | 241                                     | 18%   | 13.4 m <sup>3</sup>      | 4,968                                  |

Commentary relating to the core department's current year performance is provided below.

DCMS can report an 81% reduction in estate carbon emission. COVID-19 has presented many challenges however a change in the department's working arrangements such as remote working and reduced travel has resulted in a significant drop in carbon emissions arising from energy emissions and business travel. The Department has also exceeded its target towards overall waste and water consumption as a result of these new working arrangements throughout the financial year.

Figures on building emissions (electricity, waste and water consumption) are reported as a percentage of the total figures for 100 Parliament Street based on allocated seating in the building (720 of 2,250). DCMS building emission figures are not reported in Government totals as these are already counted under HMRC's figures. As DCMS' data are indicative only statistics derived from the above exercises and may not accurately represent the Department activities as DCMS does not have control over the building wide activities of other departments based at 100 Parliament Street, or policies around building sustainability made by HMRC.

The Department pays a fixed price for utilities in parts of the building and a percentage of utilities in other areas.

The amount and type of travel in the Department is determined by business needs and is restrained by a robust travel policy that requires all travel to be necessary and cost efficient. Domestic flights were lower in 2020-21, as a result of the COVID-19 pandemic and associated travel restrictions. This trend is expected to continue with video call options set to be explored before business travel.

Despite an increase in the number of personnel, the DCMS offices have been closed or partially closed throughout the 2020-21 financial year with remote working the preferred option. As a result, no paper has been purchased and DCMS can report nil usage in 2020-21.

## Sustainability Report - Group Performance

Data has only been included from ALBs that meet the required threshold for sustainability reporting. This sustainability report is not based on the same Departmental accounting boundary as the 2020-21 accounts. The ALBs exempt for 2020-21 and prior years are:

|  |                                 |
|--|---------------------------------|
| Churches Conservation Trust                | Sir John Soane's Museum         |
| Geffrye Museum Trust Limited               | S4C                             |
| Horniman Public Museum & Public Park Trust | Sports Grounds Safety Authority |
| Royal Armouries Museum                     | UK Anti-Doping                  |
| Sport England                              | Wallace Collection              |
| UK Sport                                   | Horserace Betting Levy Board    |
| Phone-paid Services Authority              | National Citizen Service        |



**Table 1 - Greenhouse gas emissions**

|  | 2020-21  |       | 2019-20 |       | 2018-19 |       | 2017-18 |       | 2016-17 |       | 2015-16 |       |
|--|--|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|
|  | Core   | Group | Core    | Group | Core    | Group | Core    | Group | Core    | Group | Core    | Group |
| <b>Non-financial indicators</b><br>(1,000 tCO <sub>2</sub> e)      | <b>Total gross emissions</b>                             |       |         |       |         |       |         |       |         |       |         |       |
|  | Gross emissions Scope 1<br>(direct)<br>(gas, oil & fuel) |       |         |       |         |       |         |       |         |       |         |       |
|  | -  | 48.0  | -       | 47.9  | -       | 50.0  | -       | 47.4  | -       | 54.6  | -       | 56.5  |
|  | Gross emissions Scope 2<br>(indirect)<br>(electricity)   |       |         |       |         |       |         |       |         |       |         |       |
|  | 0.3  | 62.7  | 0.5     | 81.3  | 0.6     | 93.3  | 0.4     | 109.3 | 0.5     | 132.9 | 0.4     | 148.7 |
| Gross emission Scope 3<br>(indirect)<br>(domestic business travel) |  |       |         |       |         |       |         |       |         |       |         |       |
| 0.0  | 1.1  | 0.4   | 11.3    | 0.1   | 11.6    | 0.1   | 11.5    | 0.1   | 10.9    | 0.1   | 11.2    |       |
| <b>Total energy consumption</b>                                    |  |       |         |       |         |       |         |       |         |       |         |       |
| 1.9  | 559.1  | 2.8   | 595.0   | 2.6   | 596.0   | 1.4   | 584.5   | 1.5   | 604.0   | 2.1   | 611.9   |       |
| Electricity: non-renewable   |  |       |         |       |         |       |         |       |         |       |         |       |
| 0.9  | 85.1   | 1.6   | 125.6   | 1.5   | 162.1   | 0.8   | 162.8   | 0.9   | 333.6   | 1.5   | 338.8   |       |
| Electricity: renewable   |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | 218.3  | -     | 216.4   | -     | 181.6   | -     | 179.5   | -     | 22.4    | -     | 19.1    |       |
| Gas  |  |       |         |       |         |       |         |       |         |       |         |       |
| 1.0  | 253.9  | 1.2   | 252.0   | 1.1   | 251.1   | 0.6   | 241.4   | 0.6   | 244.3   | 0.6   | 250.3   |       |
| LPG  |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | 0.4  | -     | 0.2     | -     | 0.3     | -     | 0.2     | -     | 3.1     | -     | 2.7     |       |
| Other  |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | 1.4  | -     | 0.8     | -     | 0.9     | -     | 0.6     | -     | 0.6     | -     | 1.0     |       |
| <b>Total expenditure</b>   |  |       |         |       |         |       |         |       |         |       |         |       |
| 0.2  | 71.8   | 1.2   | 85.1    | 1.2   | 88.2    | 0.6   | 80.8    | 0.4   | 86.6    | 0.8   | 85.7    |       |
| Expenditure on energy  |  |       |         |       |         |       |         |       |         |       |         |       |
| 0.2  | 47.3   | 0.2   | 45.8    | 0.2   | 43.5    | 0.2   | 39.2    | 0.2   | 42.6    | 0.2   | 42.2    |       |
| CRC licence expenditure (2010 onwards)                             |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | -  | -     | 0.1     | -     | 0.9     | -     | 1.2     | -     | 1.4     | -     | 1.6     |       |
| Expenditure on accredited offsets                                  |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | -  | -     | -       | -     | -       | -     | -       | -     | -       | -     | 0.0     |       |
| Expenditure on official business travel                            |  |       |         |       |         |       |         |       |         |       |         |       |
| -  | 24.5   | 1.0   | 39.2    | 1.0   | 43.8    | 0.4   | 40.4    | 0.2   | 42.6    | 0.6   | 41.9    |       |

**Table 2 - Waste**

|  | 2020-21                                  |            | 2019-20        |             | 2018-19         |             | 2017-18         |             | 2016-17         |             | 2015-16         |             |                 |
|--|--|------------|----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|
|  | Core                                     | Group      | Core           | Group       | Core            | Group       | Core            | Group       | Core            | Group       | Core            | Group       |                 |
| <b>Non-financial indicators (tonnes)</b> | <b>Total waste</b>                       | <b>9.1</b> | <b>3,488.0</b> | <b>73.0</b> | <b>10,664.5</b> | <b>71.4</b> | <b>10,721.7</b> | <b>28.6</b> | <b>11,045.5</b> | <b>22.4</b> | <b>17,773.6</b> | <b>32.0</b> | <b>18,295.9</b> |
|  | Hazardous waste                          | -          | 69.2           | -           | 15.5            | -           | 8.9             | -           | 29.9            | -           | 22.3            | -           | 31.3            |
|  | Landfill                                 | -          | 150.0          | -           | 676.4           | -           | 738.7           | 1.6         | 737.6           | 15.5        | 1,057.3         | 17.0        | 1,782.0         |
|  | Reused/ recycled                         | 4.5        | 1,485.7        | 41.0        | 5,659.7         | 42.5        | 5,434.0         | 27.0        | 6,030.9         | 6.9         | 9,058.3         | 15.0        | 8,032.5         |
|  | Composted                                | 0.5        | 131.4          | -           | 591.1           | -           | 553.0           | -           | 496.0           | -           | 2,750.7         | -           | 3,514.2         |
|  | Incinerated with energy recovery         | 4.1        | 1,651.7        | 32.0        | 3,721.8         | 28.9        | 3,978.4         | -           | 3,747.1         | -           | 4,868.7         | -           | 4,899.9         |
|  | Incinerated without energy recovery      | -          | -              | -           | -               | -           | 8.7             | -           | 4.0             | -           | 16.3            | -           | 36.0            |
|  | <b>Total disposal cost<sup>104</sup></b> | <b>-</b>   | <b>1,071.7</b> | <b>-</b>    | <b>1,727.3</b>  | <b>-</b>    | <b>2,097.7</b>  | <b>3.9</b>  | <b>2,118.7</b>  | <b>2.1</b>  | <b>2,370.2</b>  | <b>5.0</b>  | <b>2,443.8</b>  |
|  | Hazardous waste                          | -          | 43.5           | -           | 28.0            | -           | 48.9            | -           | 30.1            | -           | 344.0           | -           | 295.0           |
|  | Landfill                                 | -          | 228.6          | -           | 36.3            | -           | 54.6            | -           | 67.4            | -           | 46.0            | -           | 92.8            |
| Reused/ recycled                         | -  | 361.1      | -              | 385.3       | -               | 365.4       | -               | 377.8       | -               | 428.8       | -               | 345.0       |                 |
| Composted                                | -  | 30.1       | -              | 49.1        | -               | 39.9        | -               | 42.3        | -               | 41.1        | -               | 50.4        |                 |
| Incinerated with energy recovery         | -  | 408.3      | -              | 337.2       | -               | 307.5       | -               | 516.3       | -               | 300.7       | -               | 332.3       |                 |
| Incinerated without energy recovery      | -  | -          | -              | 33.0        | -               | -           | -               | 4.0         | -               | -           | -               | -           |                 |

<sup>104</sup> Total disposal costs include some costs that are not in the itemised lines. These were not provided by some ALBs due to limitations in their current service contracts.

**Table 3 - Finite resource consumption**

|  | 2020-21     |                | 2019-20     |                | 2018-19     |                | 2017-18  |                | 2016-17  |                | 2015-16  |                |
|--|-------------|----------------|-------------|----------------|-------------|----------------|----------|----------------|----------|----------------|----------|----------------|
|  | Core        | Group          | Core        | Group          | Core        | Group          | Core     | Group          | Core     | Group          | Core     | Group          |
| <b>Total water consumption</b>         | 3.2         | 669.9          | 5.5         | 1,152.1        | 5.0         | 1,061.9        | 2.6      | 1,161.8        | 3.2      | 1,746.1        | 3.3      | 1,704.2        |
| Water consumption (office estate)      |             |                |             |                |             |                |          |                |          |                |          |                |
| Supplied                               | 3.2         | 384.6          | 5.5         | 845.3          | 5.0         | 802.9          | 2.6      | 796.7          | 3.2      | 787.2          | 3.3      | 729.2          |
| Abstracted                             | -           | 13.6           | -           | 45.7           | -           | 41.5           | -        | 135.8          | -        | 187.9          | -        | 99.8           |
| per FTE                                | 0.002       | 0.011          | 0.004       | 0.023          | 0.005       | 0.022          | 0.003    | 0.023          | 0.005    | 0.029          | 0.006    | 0.022          |
| Water consumption (non-office estate)  |             |                |             |                |             |                |          |                |          |                |          |                |
| Supplied                               | -           | 271.7          | -           | 229.8          | -           | 174.9          | -        | 163.5          | -        | 328.6          | -        | 318.8          |
| Abstracted                             | -           | -              | -           | 31.3           | -           | 42.6           | -        | 65.8           | -        | 442.4          | -        | 556.4          |
| <b>Total water cost</b>                | <b>10.0</b> | <b>1,899.7</b> | <b>16.8</b> | <b>2,535.7</b> | <b>11.6</b> | <b>2,513.0</b> | <b>-</b> | <b>2,618.8</b> | <b>-</b> | <b>2,067.1</b> | <b>-</b> | <b>2,533.1</b> |
| Water supply costs (office estate)     | 10.0        | 1,288.3        | 16.8        | 1,912.7        | 11.6        | 2,067.7        | -        | 2,176.9        | -        | 1,515.1        | -        | 1,943.7        |
| Water supply costs (non-office estate) | -           | 611.4          | -           | 623.0          | -           | 445.3          | -        | 441.9          | -        | 552.0          | -        | 589.4          |

**Non-financial indicators**  
(<sup>105</sup>000m<sup>3</sup>)

**Financial indicators**  
(£'000)

<sup>105</sup> Total water cost in contrast with total water consumption may not align due to timing differences in relation to the receipt of utility invoices by ALBs.

# Annex C – Disaggregated information on Arm’s Length Bodies (2020-21)

| Arm’s Length Body  | Total operating income (excluding financing)<br>£’000 | Total operating expenditure (excluding financing)<br>£’000 | Net expenditure (including financing)<br>£’000 | Permanently employed staff |                      | Other staff         |                      |
|--|---|--|--|----------------------------|----------------------|---------------------|----------------------|
|  |   |  |  | Number of employees        | Staff costs<br>£’000 | Number of employees | Staff costs<br>£’000 |
|  |   |  |  |                            |                      |                     |                      |
| DCMS Core department   | (145,529)   | 7,087,101  | 6,943,531                                      | 1,431                      | 100,467              | 124                 | 15,548               |
| Arts Council England <sup>s</sup>                                      | (238,341)   | 350,435  | 112,214  | 592                        | 26,040               | 25                  | 1,085                |
| Birmingham 2022 <sup>a</sup>   | (1,502)   | 1,620  | 193  | 185                        | 11,283               | 37                  | 3,851                |
| BBC PSB Group <sup>*</sup>   | (267,677)   | 206,149  | (29,587)                                       | 18,977                     | 1,428,465            | -                   | 39                   |
| Big Lottery Fund (operating as National Lottery Community Fund)        | (834,466)   | 621,179  | (213,120)                                      | 778                        | 36,203               | 37                  | 939                  |
| British Film Institute <sup>s</sup>                                    | (71,360)  | 103,089  | 32,232   | 499                        | 28,705               | 7                   | 421                  |
| British Library  | (14,592)  | 17,482   | 2,660  | 1,440                      | 64,215               | 42                  | 2,167                |
| British Museum   | (47,463)  | 26,910   | (20,333)                                       | 728                        | 33,598               | 53                  | 2,055                |
| British Tourist Authority (operating as VisitBritain and VisitEngland) | (2,518)   | 684  | (1,359)  | 197                        | 12,292               | 85                  | 5,569                |
| Churches Conservation Trust  | (8,316)   | 8,309  | 5  | 50                         | 2,978                | 17                  | 105                  |
| Gambling Commission  | (18,797)  | 18,429   | (234)  | 327                        | 20,024               | 11                  | 226                  |
| Geffrye Museum (Museum of the Home)                                    | (317)   | (3,854)  | (4,171)  | 37                         | 1,535                | -                   | -                    |
| Historic England   | (11,655)  | 13,333   | 2,976  | 841                        | 43,635               | 44                  | 1,320                |
| Horniman Public Museum and Park Trust                                  | (2,834)   | 5,845  | 3,012  | 120                        | 4,661                | 6                   | 93                   |
| Horse Race Betting Levy Board  | (81,978)  | 96,173   | 14,157   | 12                         | 1,225                | -                   | -                    |
| Imperial War Museum  | (13,849)  | 9,578  | (4,326)  | 375                        | 16,181               | 4                   | 252                  |
| Information Commissioner’s Office                                      | (53,396)  | 49,866   | (3,154)  | 744                        | 41,180               | 43                  | 2,049                |
| National Citizen Service Trust   | (1,121)   | (2,494)  | (3,515)  | 232                        | 13,623               | 1                   | 47                   |
| National Gallery   | (24,243)  | 5,993  | (18,151)                                       | 241                        | 14,502               | 45                  | 175                  |
| National Heritage Memorial Fund <sup>s</sup>                           | (363,078)   | 209,136  | (172,332)                                      | 270                        | 15,727               | 21                  | 874                  |
| National Maritime Museum (Royal Museums Greenwich)                     | (5,207)   | 7,310  | 2,087  | 461                        | 13,591               | 11                  | 141                  |
| National Museums Liverpool   | (3,646)   | 8,356  | 4,732  | 407                        | 13,853               | 5                   | 38                   |
| National Portrait Gallery  | (9,845)   | 5,769  | (4,008)  | 145                        | 6,964                | 10                  | 777                  |
| Natural History Museum   | (15,618)  | 14,436   | (740)  | 691                        | 39,075               | 198                 | 326                  |
| Office of Communications (Ofcom)                                       | (123,833)   | 120,147  | (2,747)  | 992                        | 83,056               | 29                  | 2,138                |
| Phone-paid Services Authority  | (7,123)   | 7,101  | 8  | 42                         | 2,761                | 2                   | -                    |
| Royal Armouries Museum   | (12,978)  | 8,050  | (4,327)  | 135                        | 5,235                | 3                   | 265                  |
| S4C (Sianel Pedwar Cymru)  | (969)   | 522  | (450)  | 104                        | 6,109                | -                   | -                    |
| Science Museum Group   | (9,546)   | 8,041  | (3,961)  | 857                        | 30,956               | 24                  | 415                  |
| Sir John Soane’s Museum  | (1,306)   | (1,974)  | (3,280)  | 42                         | 1,740                | 4                   | -                    |
| Sport England <sup>s</sup>   | (227,912)   | 331,789  | 103,845  | 288                        | 17,558               | 33                  | 986                  |
| <b>Sub-total</b>   | <b>(2,621,015)</b>                                    | <b>9,334,510</b>   | <b>6,731,857</b>                               | <b>32,240</b>              | <b>2,137,437</b>     | <b>921</b>          | <b>41,901</b>        |

|                                       | Total operating income (excluding financing) | Total operating expenditure (excluding financing) | Net expenditure (including financing) | Permanently employed staff |                  | Other staff         |               |
|---------------------------------------|--|---|---------------------------------------|----------------------------|------------------|---------------------|---------------|
|                                       |  |   |                                       | Number of employees        | Staff costs      | Number of employees | Staff costs   |
| Arm's Length Body                     | £'000  | £'000   | £'000                                 |                            | £'000            |                     | £'000         |
| <b>Sub-total (from previous page)</b> | <b>(2,621,015)</b>                           | <b>9,334,510</b>                                  | <b>6,731,857</b>                      | <b>32,240</b>              | <b>2,137,437</b> | <b>921</b>          | <b>41,901</b> |
| Sports Grounds Safety Authority       | (387)  | (6,345)   | (6,725)                               | 17                         | 1,379            | 3                   | -             |
| Tate Gallery                          | (50,292)                                     | 56,609  | 6,469                                 | 744                        | 40,536           | 95                  | 3,190         |
| UK Anti-Doping                        | (1,233)                                      | 1,135   | (68)                                  | 69                         | 4,680            | 10                  | 29            |
| UK Sport <sup>§</sup>                 | (90,554)                                     | 79,331  | (11,157)                              | 539                        | 32,114           | 4                   | 222           |
| Victoria and Albert Museum            | (25,802)                                     | 7,062   | (19,378)                              | 818                        | 35,733           | 6                   | 78            |
| Wallace Collection                    | (1,498)                                      | 1,498   | -                                     | 86                         | 3,349            | 27                  | 192           |
| <b>Total</b>                          | <b>(2,790,781)</b>                           | <b>9,473,800</b>                                  | <b>6,700,998</b>                      | <b>34,513</b>              | <b>2,255,228</b> | <b>1,066</b>        | <b>45,612</b> |

\* The BBC is governed by Royal Charter and an associated Framework Agreement with Government. The Charter and Agreement set out the BBC's accountability to Parliament for use of the public money it receives whilst at the same time preserving the BBC's independence on editorial policy and programming. The definition of the BBC as consolidated in these accounts is provided in note 1.3 (Basis of Consolidation).

§ These bodies produce an exchequer and lottery distribution account, the figures presented are an aggregate of these.

^ Festival 2022 is a 100% owned subsidiary of Birmingham 2022 – as such this line incorporates the Festival 2022 entity.

The table above provides a breakdown of total operating income, total operating expenditure, net expenditure for the year, staff numbers and staff costs for the Department and for each of the component entities consolidated within these financial statements. This table does not include public corporations as these are outside the DCMS accounting boundary, as previously described in note 28.1. Other staff numbers/costs represent categories other than permanent per the staff report (others, contract and agency, Ministers and Special Advisors).

The figures above are the final consolidated figures in the departmental accounts and therefore include any adjustments at a consolidation level, including FReM alignment adjustments and intragroup eliminations. As a result, the figures below will not agree directly to the published ALB accounts. Further, the DCMS core department line incorporates intra-group adjustments so may not reconcile exactly to the DCMS core figures in the accounts (as per the accounts, the core element of the intra-group adjustments is presented in the 'group' column, but here has been allocated to the DCMS core entity).

Eight bodies within the DCMS boundary (Churches Conservation Trust, Phone-paid Services Authority, Sports Grounds Safety Authority, Horniman Public Museum and Public Park Trust, Royal Armouries Museum, Sir John Soane's Museum, Wallace Collection and UK Anti-Doping) have not been consolidated on a line-by-line basis on the grounds of materiality. As such, for some of these bodies their staff numbers and staff costs are not split between permanently employed staff and other staff.

# Annex D - COVID-19 and the UK Exiting the EU Expenditure

Due to the cross-cutting nature of our priority outcomes, it is not possible to allocate resources by outcome.

## COVID-19 – Areas of spending and budget category

The table below sets out how the departmental group's funds were spent on COVID-19 in 2020-21.

| Areas of spending          | DEL admin expenditure | DEL programme expenditure | AME expenditure | Capital DEL and Capital AME expenditure | 2020-21 Total    |
|----------------------------|-----------------------|---------------------------|-----------------|---|------------------|
|                            | £'000                 | £'000                     | £'000           | £'000                                   | £'000            |
| Capital and Current Grants | -                     | 1,504,385                 | 68,880          | 176,673                                 | 1,749,938        |
| Loan addition              | -                     | -                         | -               | 370,003                                 | 370,003          |
| Professional Services      | 13,578                | 3,123                     | -               | -                                       | 16,701           |
| Other                      | 8,604                 | 18,576                    | 160             | 8,074                                   | 35,414           |
| <i>Of which:</i>           |                       |                           |                 |   |                  |
| Self-funded                |                       |                           |                 |   | 232,473          |
| Funded by HM Treasury      |                       |                           |                 |   | 1,939,583        |
| <b>Total<sup>106</sup></b> |                       |                           |                 |   | <b>2,172,056</b> |

The table below sets out how the departmental group's funds were spent on COVID-19 in 2019-20.

| Areas of spending          | DEL admin expenditure | DEL programme expenditure | AME expenditure | Capital DEL and Capital AME expenditure | 2019-20 Total |
|----------------------------|-----------------------|---------------------------|-----------------|---|---------------|
|                            | £'000                 | £'000                     | £'000           | £'000                                   | £'000         |
| Capital and Current Grants | -                     | -                         | -               | -                                       | -             |
| Loan addition              | -                     | -                         | -               | -                                       | -             |
| Professional Services      | -                     | 1                         | -               | -                                       | 1             |
| Other <sup>107</sup>       | -                     | 5,681                     | -               | -                                       | 5,681         |
| <i>Of which:</i>           |                       |                           |                 |   |               |
| Self-funded                |                       |                           |                 |   | 5,645         |
| Funded by HM Treasury      |                       |                           |                 |   | 37            |
| <b>Total</b>               |                       |                           |                 |   | <b>5,682</b>  |

<sup>106</sup> Included in the table are 2020-21 estimated costs as follows: professional services of £7k and other of £14,120k.

<sup>107</sup> Included in table are 2019-20 estimated costs as follows: other of £502k.



## **Capital and current grants**

Capital and current grant expenditure on COVID-19 for the group was £1,749.9m in 2020-21 (2019-20: £nil). This expenditure relates to various government grant programmes as a result of the COVID-19 pandemic including charity packages, repair grants for heritage organisations, funds to tackle loneliness and other emergency programmes.

## **Loan packages**

As part of these COVID-19 packages, in 2020-21 £370.0m was awarded to recipients as repayable finance, £252.0m and £118.0m as part of the cultural recovery fund and sports survival package respectively. The loans have been tailored for each borrower with an initial repayment holiday of up to four years, low interest rate and up to 20-year repayment term to ensure they are affordable for arts, sports and heritage organisations.

## **Professional services**

Professional services include legal, consultancy and administrative costs associated with the COVID-19 grants and loans delivery.

There were various underspends relating to COVID-19 support packages. This is detailed in the SOPS commentary on pages 86 to 94.

## UK Exiting the EU – Areas of spending and budget category

The table below sets out how the departmental group's funds were spent on EU Exit in 2020-21.

| Areas of spending          | DEL admin expenditure | DEL programme expenditure | AME expenditure | Capital DEL and Capital AME expenditure | 2020-21 Total |
|----------------------------|-----------------------|---------------------------|-----------------|---|---------------|
|                            | £'000                 | £'000                     | £'000           | £'000                                   | £'000         |
| Permanently employed staff | 14,427                | 164                       | -               | -                                       | 14,591        |
| Professional services      | 5,061                 | 513                       | -               | -                                       | 5,574         |
| Other <sup>108</sup>       | 3,514                 | 97                        | 35              | -                                       | 3,646         |
| Of which:                  |                       |                           |                 |   |               |
| Self-funded                |                       |                           |                 |   | 709           |
| Funded by HM Treasury      |                       |                           |                 |   | 23,102        |
| <b>Total</b>               |                       |                           |                 |   | <b>23,811</b> |

The table below sets out how the departmental group's funds were spent on EU Exit in 2019-20.

| Areas of spending          | DEL admin expenditure | DEL programme expenditure | AME expenditure | Capital DEL and Capital AME expenditure | 2019-20 Total |
|----------------------------|-----------------------|---------------------------|-----------------|---|---------------|
|                            | £'000                 | £'000                     | £'000           | £'000                                   | £'000         |
| Permanently employed staff | 14,945                | 495                       | -               | -                                       | 15,440        |
| Professional services      | 3,675                 | -                         | -               | -                                       | 3,675         |
| Other <sup>109</sup>       | 4,106                 | -                         | 26              | -                                       | 4,132         |
| Of which:                  |                       |                           |                 |   |               |
| Self-funded                |                       |                           |                 |   | 26            |
| Funded by HM Treasury      |                       |                           |                 |   | 23,221        |
| <b>Total</b>               |                       |                           |                 |   | <b>23,247</b> |

### Permanently employed staff

The most significant areas of spend in 2019-20 and 2020-21 are permanently employed staff costs in the core department (2019-20: £15.4m and 2020-21: £14.6m). Permanently employed staff costs include gross pay, bonuses, employer's national insurance and pension costs. The majority of the costs relate to activities linked to EU exit, in particular learning and development for all staff and specific posts in arts, heritage and tourism which have delivered a holistic readiness for the transition programme to ensure DCMS sectors are best placed to manage changes following the transition period.

### Professional services

Professional services mainly relate to legal and consultancy costs.

There were various underspends relating to UK exiting the EU. This is detailed in the SOPS commentary on pages 86 to 94.

<sup>108</sup> Included in 2020-21 other are £2,225k of estimated costs.

<sup>109</sup> Included in 2019-20 other are £4,161k of estimated costs.



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978-1-5286-2906-5